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ABSTRACT

This report examines issues relating to sector-wide approaches (SWA) to education. It focuses on SWA's relevance to poverty-reduction targets and their general mode of operation. Through this analysis, it seeks to assist those involved with educational development, including providers and recipients of technical and financial support. The document discusses the strengths and limitations of SWA to education-sector development and assesses whether SWA are more or less likely than other approaches to reach the education-development and poverty-reduction targets that are set by governments and agencies. An associated purpose of the study is to consider whether SWA (in their various forms and interpretations) provide an effective way of forging strong partnerships with governments, civil society, and the international community in meeting agreed international targets. The study analyzes public-sector management, governance issues, and multisectoral evidence, such as health and water supply, that may enable education-sector developments to contribute more effectively to poverty reduction. Some specific objectives are to summarize the lessons learned from current official development-assistance funding approaches, to strengthen effectiveness in promoting partnerships, and to achieve national and international policy goals. Cross-sectoral linkages and management and organizational development of SWA are described. (Contains approximately 175 references.) (RJM)

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Report

ED 445 385

EDUCATION RESEARCH

SECTOR WIDE APPROACHES TO EDUCATION

A STRATEGIC ANALYSIS

Mike Ratcliffe and Murray Macrae
(Ratcliffe Macrae Associates)

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Department For International Development

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3

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SECTOR WIDE APPROACHES TO EDUCATION: A STRATEGIC ANALYSIS

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ABBREVIATIONS

ADB	Asian Development Bank
ADEA	Association for Development in Education in Africa
AfDB	African Development Bank
AMO	Aid Management Office(s)
ARM	Annual Review Mission
ASIP	Agriculture Sector Investment Programme
BESDP	Basic Education Sector Development Plan
BESIP	Basic Education Sector Investment Plan
BME	Benefit Monitoring and Evaluation
CAPE	Centre for Analysis of Public Expenditure
CDB	Caribbean Development Bank
CBO	Community Based Organisation(s)
CIDA	Canadian International Development Agency
CSR	Civil Service Reform
DAC	Development Assistance Committee
DANIDA	Danish International Development Agency
DEO	District Education Officer
DFID	Department for International Development
EC	European Commission
EMIS	Education Management Information System
ESCC	Education Sector Co-ordinating Committee
ESDP	Education Sector Development Programme
ESIP	Education Sector Investment Plan
ESIP	Education Strategic Investment Plan (Uganda)
ESSP	Education Sector Strategic Plan
EU	European Union
GDP	Gross Domestic Product
GTZ	German Technical Co-operation Agency
HDI	Human Development Index
HQ	Headquarters
IADB	Inter-American Development Bank
IMG	Implementation Monitoring Group
ITWG	International Technical Working Groups (health)
JICA	Japanese International Co-operation Agency
JRM	Joint Review Mission
MoE	Ministry of Education
MoF	Ministry of Finance
MoU	Memorandum of Understanding
MTBF	Medium Term Budget Framework
MTEF	Medium Term Expenditure Framework
NGO	Non-Governmental Organisation(s)
NORAD	Norwegian Agency for Development
ODA	Official Development Assistance
ODA	Overseas Development Administration (now DFID)
ODI	Overseas Development Institute
OECD	Organisation for Economic Co-operation and Dev't
OECF	Overseas Economics Co-operation Fund (Japan)

PAP	Programme Action Plan
PDR	People's Democratic Republic
PER	Public Expenditure Review
PIM	Programme Implementation Manual
PIU	Programme/Project Implementation Unit
PMU	Programme/Project Management Unit
PNG	Papua New Guinea
PRISFAC	Primary School Facilities
RWSS	Rural Water Supplies and Sanitation
SAP	Social Action Programme
SAPP	SAP Project
SASP	Sector Adjustment Support Programme(s)
SBS	Sector Budget Support
SDL	Sector Development Loan(s)
SDP	Sector Development Plan(s)/Programme(s)
SFG	School Facilities Grant
SIDA	Swedish International Development Agency
SIP	Sector Investment Plan(s)/Programme(s)
SPRED	Strengthening of Primary Education
SSDP	Social Sector Development Plan
SSP	Sector Support Programme(s)
SWA	Sector Wide Approach(es)
TA	Technical Assistance/Assistant(s)
TC	Technical Co-operation
UN	United Nations
UNDP	United Nations Development Programme
UNESCO	United Nations Education and Science Organisation
UNICEF	United Nations Children's Fund
UPE	Universal Primary Education
USAID	United States Agency for International Development
WB	World Bank

EXECUTIVE SUMMARY

1 INTRODUCTION: STUDY PURPOSE AND PROCESS

Despite the growth in the planning and implementation of sector wide approaches (SWA) to education, debate currently tends to be at the level of general discussion rather than being focused on specific operational issues and the resolution of Government-funding agency tensions. To move the debate forward, DFID Education Division commissioned this study in September 1998. Its purpose was to address issues relating to the nature of SWA, their relevance to poverty reduction targets and their general *modus operandi*. Its intended audience are those involved with educational development, including providers and recipients of technical and financial support

Most current education SWA are at the planning or early start-up stage. Accordingly, it is too early for this study either to advocate SWA as a panacea or to be a handbook. Its aim is to examine whether a SWA (particularly the SWA process) is more likely to contribute to effective education development partnerships.

Individual country judgements are critical, often involving complex political, strategic and tactical assessments. The study investigates whether a SWA better informs these judgements and contributes to more effective education design/appraisal processes.

The study process has been as comprehensive as time and resources allow, including reference to SWA-related literature, analysis of the views of key informants and some field visits. The findings also draw on the authors' direct involvement in a number of SWA in Africa, Asia, Caribbean and Pacific. Perspectives on other sectors (e.g. health, agriculture) and cross-cutting disciplines (e.g. institutional, economic, social) were gained from directions provided by a DFID inter-disciplinary steering committee and from many other informants.

There are two caveats: education programme designs often necessitate subtle policy and institutional judgements not easily captured through case study analysis and interviews; country situations and education support programme processes are increasingly fluid and dynamic. In some instances, therefore, the following analysis can represent only a snapshot.

2 THE IMPETUS FOR EDUCATION SECTOR WIDE APPROACHES

The main driving force behind SWA is Government and funding agency dissatisfaction with the impact of education sector outcomes on poverty reduction. The study indicates that:

- the correlation between GDP per capita and education indicators is not very strong;
- poverty reduction and better education standards have less to do with education spending volumes and more to do with spending effectiveness;
- effective spending necessitates real commitment to reform, willingness to make hard choices affecting strong vested interests and a capacity to make open and transparent managerial decisions and to improve institutional quality;
- education aid, like other sector support, is more likely to be effective in a strong policy and macro-economic environment, incorporating the views and interests of civil society and the private sector;
- countries with prolonged political or bureaucratic histories that appear suspicious of open debate (e.g. Ethiopia, Tanzania, Indo China) are amongst those with the poorest education indicators;
- ironically, countries emerging from conflict (e.g. Rwanda, Uganda Cambodia) may be in a stronger position for speedy reform and improvement.

The broad message is that effective education aid cannot be achieved overnight nor in sectoral isolation. In education, as in other sectors, effective reform needs champions with long-term vision. It is necessary to nurture these reformers, who may come from outside the sector, through exposing them to successful innovations elsewhere. Therefore, the use of political and professional networks is critical. Commitment to macro-economic stability, effective governance manifested through realistic sectoral expenditure frameworks and open dissemination of education information are equally important.

ISSUES TO EXPLORE

1) *The formulation of 15 to 20-year education reform perspectives, including linkages with long-term expenditure projections and public service/local Government reforms;*
2) *Nurturing new capacity building initiatives and programmes;*
3) *Promotion of the capacity building of international and regional political/professional networks (e.g. regional development banks, prestigious UN agencies and regional education ministers' conferences) as part of championing reforms.*

3 SECTOR WIDE APPROACHES: CONCEPTUAL ISSUES

An education SWA is essentially a process with three main phases:

1) An initial loose Government-funding agency agreement to work together to make education aid more effective (sometimes encapsulated in a *Statement of Intent*);
2) A subsequent framework for co-operation, which subsumes individual agendas within a common agenda for education reform;
3) The structuring of a fairly tight operational programme, led and managed by Governments, often expressed in terms of a

Memorandum of Understanding, a common *Work Plan* and, ideally, a *Code of Practice*, formally agreed by all parties.

Common features of an education SWA are:

- ***a sustainable partnership, long-term vision and agreed targets*** for education reform, incorporating civil society, Government and funding agencies;
- ***a well-defined sector*** or ***sub-sector***, incorporating macro and sectoral, institutional and financial policies and structures;
- ***a forward looking work programme*** for medium and long-term sector strategy formulation, preparation of medium to long-term expenditure frameworks, common Government-funding agency management arrangements and capacity building programmes;
- ***strategic negotiation and annual sector performance review mechanisms***, jointly agreed between Government and funding agencies.

Box (i) encapsulates these and other features of a SWA.

BOX (i)

MAIN FEATURES OF A SWA : A MINISTER'S VIEW

A SWA focuses on :

- *Policy Objectives ... rather than Operational Activity*
- *Programme Outcomes ... rather than Project Inputs*
- *Broad Budgetary Support ... rather than Project Input Accounting*
- *A National Financing Framework ... rather than Individual Contracts*
- *Sustained Broad Partnership ... rather than Individual 'Deals'*
- *Review of Sector Performance ... rather than Project Performance*
- *Common Management Arrangements ... rather than Disparate Systems*

Source: Minister of Education and Sports, Address to Funding Agencies, Uganda, August, 1998

4 FUNDING AGENCIES: EDUCATION POLICIES, STRATEGIES AND APPROACHES

Policies and strategies of many funding agencies in the past 15 years have shifted towards many of the aforementioned SWA features and characteristics. Effective partnerships are central to development support, incorporating broad-based stakeholders. Pro-poor education strategies are reflected in the growing funding agency priority for basic education support, including countries emerging from civil strife. Policy and strategy development aimed at school improvement is a central policy platform, linked to on-going monitoring and evaluation of current programmes and innovations.

Notwithstanding this broad consistency, there are some areas where current design/appraisal processes may be improved:

- the longer-term context for short run support programmes could be made clearer in some cases, especially where technical and financial sustainability are concerned;

- the assessment of the impact of education programmes on the poor could be better defined;
- the assessment of institutional quality and capacity could be more explicit, especially in relation to macro-economic prospects and links with public sector management reforms;
- the process of feedback of monitoring evaluation studies into future strategy could be clearer in some instances;
- above all, the long-term nature of the Government-funding agency partnership could be made more explicit.

Assessments of the planning design of education and other sector SWA reveal some key concerns. In many cases there appears to be:

- a lack of a long-term strategic vision;
- a lack of linkage with public expenditure review (PER) exercises;
- a lack of effective poverty assessments for ensuring pro-poor sectoral strategies;
- an absence of an integrated institutional development and capacity building strategy, incorporating broader public sector management reforms and incentive structures;
- limited attention to the preparation of phased and sequenced sector performance-monitoring frameworks;
- limited involvement of community groups in sector policy and planning;
- insufficient analysis of the impact of other sectors on student performance and attendance (e.g. health - diarrhoea, malaria, malnutrition; transport - poor rural roads).

The nineties have seen a shift in many funding agency education support packages away from comparatively small, often stand-alone education projects towards larger, broad-based system support programmes. In addition, the balance of education aid has shifted towards basic education, with declining support for secondary, higher and technical education. In broad terms, design and appraisal processes have paid growing attention to economic finance, social and institutional appraisal issues.

ISSUES TO EXPLORE

1) *Incorporation into funding-agency strategy and policy the main features of an education SWA; this should be reflected in country readiness and programme screening and appraisal criteria;*
2) *The careful integration of cross-cutting issues into forward country strategy and work programmes;*
3) *The value of working towards the evolving SDP approach;*
4) *The adoption of education SWA as a long-term operational strategy, setting out clear milestones and work programmes for the transition;*
5) *The development of work programmes that include well defined targets based on operational partnership arrangements (e.g. signing Statements of Intent, Memoranda of Understanding, Codes of Conduct);*
6) *Ensuring that contributions to development are carefully graduated on a country-by-country basis according to projected*

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volumes of assistance, time scales, advisory capacity and the absorption capacity of the countries concerned;

7) *The subordination of technical concerns (which were paramount under projects) to broader poverty/social, economic and institutional considerations;*
8) *Funding Agency recruitment criteria and regional/country deployment policy in the light of evolving SWA to education.*

5 Strengths and Weaknesses of Sector Wide Approaches

Despite a tendency to polarise SWA into two models, the *blueprint SIP model* and the *organic SDP model*, in practice all countries develop their own model, an *expediency model*, that usually combines features of both extremes.

The blueprint/SIP model essentially treats the sector as a project with pre-defined activities and inputs, heavy emphasis on activity/input accounting and common financial management procedures. Performance monitoring focuses on sector performance targets at the end of the five-year period. Financing plans are largely pre-defined. In summary, the SIP model appears to be reinventing projects in a more complicated guise.

The evolving/SDP model involves less pre-definition and is guided by a longer-term vision of the outcomes and processes of the sector. There is less of a focus on inputs, more on outcomes, linked to annual performance review and strategy adjustment. Budgetary support is tranched against annual review of financing requirements and shortfalls. Capacity building objectives are central to strategy and monitoring.

It is not uncommon for an education SWA to exhibit features of both models, particularly during a period of transition to a SWA.

On the whole, funding agency attributed projects undermine Government leadership, contribute to policy fragmentation, duplicate approaches, distort spending priorities and insufficiently address institutional development and sustainability issues. The tradition of stand-alone programme implementation units (PIUs) drains capacity of Government's own management systems, creates managerial overload fielding separate funding agency missions and distorts salary scales and other incentives. Programme aid, though more flexible, creates uneven, unpredictable stop/start financing of education reforms with additional difficulties in relating budget support to sectoral outcomes. For Governments, these uncertainties undermine commitment to reform and confidence in the rewards for making hard decisions. Although an effective SWA undoubtedly has the greater potential for addressing the above risks, there remain a number of worries about SWA:

- SWA complexity and potential delay in implementation (preparation may take up to 3 years);

- funding agency advisers may face disbursement pressure from programme managers (a common problem within the multi-lateral lending banks with rigid loan pipelines);
- the multi-disciplinary environment of SWA can undermine education advisers' professional identity (usually lodged in knowledge of the sector) creating uncertainty and caution.

ISSUES TO EXPLORE

1) *How and when strategic negotiations and annual review processes should take place;*
2) *Financial commitment and design of modalities;*
3) *Appropriate incentives and sanctions;*
4) *The development of realistic conditionalities or 'undertakings' that focus on how SWA negotiation will include the process and procedures for linking achievement of targets to budget releases;*
5) *Transparency, particularly in the negotiation process and technical and financial monitoring and reporting procedures;*
6) *operational plans that detail new forms of joint undertakings, especially issues of negotiation process, partnership arrangements and monitoring/reporting procedures, as opposed to narrower sectoral management/implementation issues.*

6 NEW GOVERNMENT - FUNDING AGENCY PARTNERSHIPS

There does not appear to be a common formula for the start-up or transition towards an Education SWA. However, two approaches seem to be emerging.

1) *a signing on or 'pledging' approach*, (e.g. Cambodia, Ghana, and Ethiopia), often, but not necessarily, linked to the preparation of a blueprint SIP and Government/funding agency round table;
2) *a more ragged rolling start*, (e.g. Uganda, India, Mozambique), often based around a few funding agency allies.

A common feature is that Government-funding agency tensions and inter-funding agency tensions grow as the process develops. One major source of tension appears to be when individual funding agencies have to subsume their own agendas and projects within a common agenda and process. A second source is concern over funding agency labelling that is often manifested through anxieties over management and audit of their own funds.

Several lessons are emerging on the process of SWA start-up and transition:

- strong leadership and openness within Government is essential to maintain confidence in the process;
- formal signing up to agreed procedures seems to help secure relations (although surprisingly few examples of such formalities exist at present);
- both sides of the partnership can find it difficult to come to terms with what strategic negotiation actually means in practice (and

dominant Government partners can present just as much a threat as over-bearing funding agency groups);

- the process requires frequent on-the-ground presence with authority for negotiation being ceded to a funding agencies representative;
- the need to formalise these processes as quickly as possible in order to secure an effective process to facilitate the transition from a loose agreement to common development agendas, tighter operational instruments and conflict resolution (through country discussions, Government-funding agency consultative groups, the use of instruments such as Statement of Intent, Memorandum of Understanding, Collaborative Work Programme, Code of Conduct).

Nurturing these partnerships has significant implications for funding agency staffing arrangements. In instances where technical assistance is used or in-house staff are seconded, Government needs to know the extent to which they are delegated to speak and act authoritatively. At present such authority is unclear and in some instances leads to misunderstandings within Government and the funding agency community.

SWA have significant implications for the role and management of consultancy and technical assistance. The way in which SWA have developed to date suggest that many funding agency advisory staff will increasingly act in a consultancy role. The skill mix of consultants is already shifting towards supporting Government policy/strategy analysis, helping to set up performance monitoring systems, designing financial management/tracking systems and facilitating annual review exercises. Increasingly Government is managing consultancy support, rather than using external managing agents.

SWA require advisers and long-term in-country technical assistants with broad-based negotiation and professional skills rather than traditional sectoral experience. As is already happening, sourcing of staff will become more diversified, looking increasingly towards international management consulting firms, specialist groups and development institutes rather than relying on university education departments and education authorities. Any role for managing agents or international consortia will depend on their ability to provide new skills and assist in building up Government's capacity to manage/monitor TA support.

7 Sector Wide Approaches to Education: Lessons Learned

There appear to be roughly 25 – 30 education SWA in progress, mainly in African and Asian countries. Information on developments in South America, Caribbean and Pacific is more patchy. The vast majority of examples remain at design or pre-implementation stages, meaning that lessons learned to date are mostly concerned with design, appraisal and planning issues.

ISSUES AND RECOMMENDATIONS TO EXPLORE

The following points are in the form of recommendations and are based on wide-ranging experience accumulated in recent years. They may be considered as minimum necessary conditions for SWA and are directed towards funding agencies and their employees.

1) *The provision of support for national leadership and champions of reform, including support for (and from) key politicians, sector specialists, community groups and finance ministries;*
2) *Formulation of a long-term vision and strategy for reform that focuses on changes in service quality and processes, and that is flexible enough to allow for regular strategy adjustment;*
3) *The management of SWA planning needs through existing governmental structures rather than inventing parallel structures;*
4) *Supporting Government management systems, through early incorporation of capacity building strategies and outcomes into SWA designs;*
5) *The development of joint agreements on interim and long-term arrangements for strengthening financial management and monitoring systems;*
6) *The strengthening of SWA financial/budget planning systems, including setting SWA within a broader MTEF, carefully linking strategic targets to forward budget plans and promoting a sense of budget realism within education ministries;*
7) *The development of country specific solutions to management problems;*
8) *The negotiation of procedures that avoid funding agency attribution;*
9) *The careful development of and support for management processes and capacity building ahead of and during planning and implementation (SWA cannot easily be bolted on to top-down, command and control bureaucracies);*
10) *The strengthening of education sector performance monitoring systems (not just macro-targets, but service quality indicators, changes in planning/management processes at all levels and regular surveys of service satisfaction with parents and communities);*
11) *The design of effective incentives for system performance and individuals (linked to broader long-term public service pay policies).*

1 INTRODUCTION: STUDY PURPOSE AND PROCESS

❒ ***Study Purpose*** The purpose of this study is to provide guidance to those involved with educational development, including providers and recipients of technical and financial support. In particular the study examines the strengths and limitations of sector wide approaches (SWA) to education sector development. Drawing on current international evidence, the study assesses whether sector wide approaches are more or less likely than other approaches to reach the education development and poverty reduction targets that are set by national Governments and development agencies.

An associated purpose is to consider whether SWA (in their various forms and interpretations) provide an effective way of forging strong partnerships with Governments, civil society and the international community in meeting agreed international targets. The study analyses factors such as public sector management, governance issues and multi-sectoral evidence (e.g. health and water supply), that may enable education sector developments to contribute more effectively to poverty reduction. The review draws on current practice and case studies from Africa, Asia, Caribbean, South and Central America and Pacific regions.

A more specific objective is to summarise the lessons learned from current official development assistance (ODA) funding approaches to strengthening effectiveness in promoting partnerships and achieving national and international policy objectives. Cross-sectoral linkages and management and organisational development of SWA are discussed. This takes account of a number of evaluation studies and working documents used in the development of education and other SWA.

It should be established at the outset that the purpose of the study is not to propose or advocate a SWA as a panacea for reform of broad education strategy and design/appraisal processes. Nor will the study attempt to prescribe a 'road map' for SWA development. As a number of funding agency development policy papers emphasise (Asian Development Bank, 1996, Department for International Development Co-operation, Finland, 1998, Secretary of State for International Development, UK, 1997), detailed approaches need to be determined on a country by country basis. This will involve political, strategic and tactical judgements about the most effective partnerships and approaches to assistance and listening to Governments, civil society and other funding agencies. Nevertheless, it is our expectation that the study will inform these judgements.

Finally, it is acknowledged that the conceptual framework for SWA,

e.g. sector investment plans (SIP), sector development programmes (SDP), is becoming clearer in some respects, more diffuse in others, especially in operational aspects. Moreover, knowledge and understanding of the practice on the ground of negotiating, planning and implementing education SWA remain in their infancy. A sound understanding requires an intimate knowledge of the policy and institutional environments and the political and organisational histories and cultures in individual countries. The challenge to all aid practitioners will be to listen humbly and learn while avoiding prescriptions and conventional wisdom.

❒ ***Study Process*** A number of standard approaches for information collection and analysis were used, including review of a number of case study documents, Annex 1, and a survey using a postal questionnaire and semi-structured interviews with key Government and funding agency officials. The study also draws on our own experience and close involvement in recent education sector development planning, including BESIP (Cambodia), ESDP (Ethiopia), ESDP (Tanzania), SSDP (Thailand), ESIP (Uganda). Where appropriate, while working in those and other countries, opportunities were taken to extend the scope of the survey. A list of those consulted is attached at Annex 2.

The study was funded by the UK Department for International Development (DFID) and for this reason there is special emphasis on DFID policy and practice in Chapter 4. The development of the study was broadly guided by a multi-disciplinary DFID Steering Committee, including agriculture, economic, education, engineering, health, institutional and social development advisers. As the following pages will reflect, this kind of multi-sectoral and cross-cutting approach is central to optimising aid effectiveness. The intention, therefore, is to present broad views and not to be restricted to narrowly defined technical sector issues.

There are two caveats:

1) It is becoming increasingly evident that effective aid for education involves subtle, often difficult, judgements of political will, the commitment of key players to policy reform, the macro-economic policy environment and local management and implementation capacity. Therefore there are dangers in making firm deductions from case study material and selected interviews.

2) The study appears at a time when the development of SWA is currently about to expand quite dramatically. It follows that much of what appears in the following pages may be subject to review as a result of normal change processes.

Despite the above, in some instances we draw conclusions where we consider it appropriate to do so; these are likely, however, to benefit from close scrutiny and further investigation. In other cases, it was considered to be more appropriate to raise issues and offer directions

for future strategic analysis rather than to attempt to provide answers.

The views reflected in this study are those of the authors. Unless otherwise stated, they do not necessarily reflect DFID policy or practice.

2 THE IMPETUS FOR EDUCATION SECTOR WIDE APPROACHES

❒ ***Disillusionment with Existing Approaches*** The main impetus behind SWA is the general dissatisfaction of most stakeholders with the impact of aid on poverty reduction and the quality of life of the people in developing countries.

> *"Advances have not been uniform and poverty remains pervasive. We have gone forward and backward over the past 50 years."*
> *Clare Short, 26 June 1997*

There appears to be only limited correlation, if any, between prosperity, economic growth rates and human development indicators. This can be illustrated by an examination of the differences between Gross Domestic Product (GDP) and Human Development Index (HDI). Where the difference is positive, human development outstrips economic progress as in countries such as Tajikistan (+35), Vietnam (+26), Costa Rica (+27). However, in other countries, such as Namibia (-35), Lao PDR (-23) and Senegal (-26), prosperity has not been raised by improved education and health outcomes.

❒ ***Questions of Growth*** The key question is: what are the underlying causes of these differences? Possible explanations may include differences in leadership and commitment to reform, lack of accountability to civil society in delivering education services, variations in overall health and education spending volumes and poor design and appraisal of aid interventions. At a more sectoral and technical level, the causes may be differences in how policy and strategy reforms are prioritised and sequenced on variable management and implementation capabilities, including poor linkages with other sectoral developments. From a pragmatic point of view, the overriding question is: what are the key levers to pull in order to achieve long-term effective and sustainable education outcomes? And an associated question for this study is: does a SWA provide a better prospect for poverty reduction than other approaches?

The apparent absence of strong correlation between economic and human capital development is confirmed by recent studies (Asian Development Bank, 1997; Dollar and Pritchett, 1998). These indicate that initial conditions, geography and resource availability appear to be marginal compared to demographic and broader policy variables, especially sound economic management, saving rates and institutional quality [Box 1]. Pressing questions arise: are these issues being fundamentally addressed?, does an education SWA help to put these important building blocks in place?, and do education sector developments take a sufficiently long-term view when these

demographic trends (especially changing dependency rates and household discretionary spending patterns) become pivotal in education policy and strategy reforms?

BOX 1

EXPLAINING DIFFERENCES IN GROWTH: KEY FACTORS EAST/SOUTH EAST ASIA VS. SOUTH ASIA (1965 – 1990)

An ADB study, *Emerging Asia*, analysed variables which could explain why East and South East Asia country economic growth rates have been from 2% to 3% higher per annum than those of their South Asian neighbours. This analysis, undertaken by the Harvard Development Institute, reinforces current thinking that policy/institutional/demographic factors weigh heavily in differences between economic growth rates across regions, sub-regions and countries.

Factor	*Change in Growth Rate (%)*
Policy Variables (Government Savings Rate, Openness, Institutional Quality)	+2.1
Demography (Life Expectancy, Workforce Size, Population Growth)	+0.9
Initial Conditions (GDP, Schooling)	-0.3
Resources and Geography (Endowments, Tropics)	-0.2
Predicted Differences	+2.5
Actual Differences	+2.9

Source: Asian Development Bank, 1997

❒ ***Changing Policy Environments*** The impetus for the shift towards various forms of education SWA appears to arise mainly from changes in the political and macro-economic environment. For example, in some African countries confidence in the political leadership and strength of macro-economic reforms is a key consideration (e.g. Ghana, Mozambique, Uganda); this reflects the findings of Dollar and Pritchett (1998). In SE Asia (e.g. Indonesia, Thailand), the 1998 economic downturn helped to create a policy environment conducive to policy-based, SWA-type reforms (e.g. Social Sector Development Programmes), led by World Bank and Asian Development Bank.

In ex-Eastern bloc countries, the withdrawal of Soviet aid provided an impetus for radical education sector structural reforms, a reflection of the unsustainability of previous systems. Recent examples include education SDPs in Mongolia and Uzbekhistan led by ADB. In some instances, political and civil reforms and relatively weak institutions (e.g. in Cambodia, Lao PDR, Vietnam) appear to have increased the impetus for radical education reforms. Paradoxically, states emerging from conflict (e.g. Cambodia, Rwanda), given positive leadership, may offer good environments for sustainable education reform programmes [Box 2]. In contrast, as Fig 2.1 shows, Governments that stay in power for too long appear to lose their capacity for successful reform, non-elected Governments performing less well than those that are elected.

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BOX 2

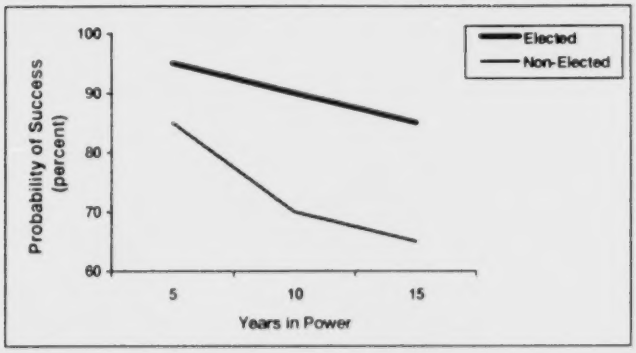
EMERGING FROM CONFLICT: WHERE TO START?

A body of experience is emerging on how best to assist countries emerging from conflict and social upheaval. The broad strategy is to assure predictable macro-economic conditions as a platform for pro-poor sectoral development programmes.

For example, in Cambodia the funding agency 'community' focused on strengthening financial and budget planning, development of a medium term expenditure framework and public investment programme through the Cambodia Council for Reconstruction and Development. In Rwanda DFID has provided assistance with the Public Expenditure Review focusing on the social sectors through the Ministry of Finance.

It should be noted, however, that this strategy may possibly have an adverse effect on local ownership and longer-term sustainability.

FIG 2.1: ELECTIONS, TENURE AND PROBABILITY OF SUCCESSFUL REFORM



Source: Dollar and Svensson, 1998

It is clear that to support education policy reforms requires a mix of ideas and finance. In addition, they will require countries to raise their effectiveness by implementing the principles of professionally managed Government: i.e. the development of a national plan, political will and commitment, a decentralisation policy, political accountability and sound resource management (Commonwealth Secretariat, 1997).

"... we will only eliminate poverty through strong and effective states"
Clare Short, 30 June 1997

❒ ***What Might Make a Difference*** An important finding is that the factors that make a difference for overall growth seem to lie as much with central Government decisions as with sectoral Ministry interventions. Dollar and Pritchett (1998) suggest that improved education and health reforms correlate with a good policy environment that is underpinned by effective institutions and capacity building [Box 3]. The view that 'aid only works where the

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policy environment is sound' (Foster, 1999) challenges the received wisdom that improved social sector performance, especially in education and health, necessarily involves increased spending and/or additional aid flows. It remains to be seen whether or not SWA (or more traditional approaches) sufficiently address these issues.

BOX 3

ASSESSING AID: OPTIMISING IMPACT

- Financial aid works best in a conducive policy environment; broad growth and sectoral outcomes correlate most strongly with policy and institutional variables
- Health and education outcomes do not correlate strongly with GDP sectoral shares, but rather policy commitment and institutional quality
- The main value of development project assistance is to strengthen policy and commitment, alongside key institution building efforts for improved service delivery
- A positive enabling environment can crowd in private investment in social sectors, bad policies crowd out participation
- Commitment to policy reforms is more likely in democratically elected Governments, especially in the early years of office
- Stimulating debate in civil society and information dissemination about policy is one way for development assistance to influence policy and governance reform
- Project funding is not necessarily translated into increased spending on the sector, sub-sector or specified activities – money is fungible
- Project success is more likely with strong beneficiary participation in planning, implementation and monitoring
- Technical assistance focused on influencing policy/strategy reform and institution building has more impact than project design/planning TA

Source: Dollar and Pritchett, 1998

Another important finding, noted in Box 3, is that effective aid can actually 'crowd-in', or encourage, private investment (including investment from the social sectors) as long as there exists an effective enabling environment (especially the establishment of quality standards and regulation and monitoring systems). In contrast, there is a danger that without such an environment, external assistance crowds out private investment, reinforcing Government's provider role. This finding argues for greater focus on institutional and governance issues, including programme designs that capture greater community/civil society participation in planning, implementation and management. A critical issue is whether an education SWA sufficiently addresses these issues, especially in the light of dramatic demographic changes projected over the next 20 – 30 years.

The challenge will be to take forward education sector development in difficult environments, usually where needs and inequities are greatest. It appears that a number of strategies may support this process. An important factor will be to identify key players willing and able to champion and influence reform, alongside offering real incentives (possibly through aid) to do so. An associated feature is a vision of long-term system change, focusing on outcomes and processes rather than on short-term activities and inputs. Often resistance to change is due to lack of knowledge about what might work. Providing opportunities for key players to share ideas with and learn from others (particularly from regional neighbours and neutral informants) builds the confidence to carry out reform.

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Experience and evidence suggest that engagement of civil society in the reform process provides lasting results. However, many of the countries with the poorest social indicators have political cultures that are suspicious of private sector policy in education provision (e.g. Indo China). In others, (e.g. Rwanda, Sierra Leone), civil society has currently (early 1999) broken down, yet, paradoxically, such countries may provide real opportunities for reform. Countries with similar recent histories have often shown remarkable resilience in keeping rudimentary education services going (e.g. Cambodia, Ethiopia, Uganda), demonstrating latent community commitment and capability. Countries in which educational reform is more difficult may be those where strong, bureaucratic, regulating cultures persist (e.g. Tanzania), whose function is to protect central, organisational vested interests.

❒ ***Planning the Sector*** A further stimulus for the adoption of an education SWA is that it provides an opportunity for whole sector planning that ensures that broad national goals and issues such as poverty reduction, improved governance and civil service reform, decentralisation, local Government and community development, equity/gender, privatisation can be factored into and financed within a comprehensive national education framework. In many countries there has been a recent history of education planning and financing apparently stumbling from one crisis to another and where more significant issues are lost or not catered for in a systematic way.

In contrast, education SWA are underpinned by broad national goals. For example, the Uganda ESIP is predicated upon Uganda's Vision 2025 Poverty Eradication Plans. In effect this means that education planning and implementation becomes accountable in terms of equity improvement, removal of disadvantage and the raising of quality. In connection with this, it is notable that at the April 1999 ESIP Review a presentation by the Uganda Participatory Poverty Assessment Project, *Perspectives on Communities on Education, 1999*, was made as part of a Ministry of Finance input (an example which highlights cross-Ministerial participation, another strength of a SWA). Likewise, poverty assessment formed part of Tanzania's recent SDP appraisal (April 1999).

Returning to the concern for poverty issues raised at the beginning of this chapter: a coherently planned SWA makes it possible to ensure that education-related poverty issues such as:

- education for basic skills as a poverty reducer;
- zero and low levels of education as indicators of poverty;
- the real cost of education in relation to opportunity cost benefits;
- poverty factors (e.g. malnourishment, illness) that cause low educational attainment;
- education factors (e.g. cost to parents) that cause poverty;
- poverty as a barrier to taking up educational opportunities;

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- negative returns for personal investments in education.

Bird (1999)

can be addressed at a national level within the education framework.

❒ ***Taking a Global View*** A broader issue arises from a growing recognition that trying to improve education services in isolation is unlikely to optimise impact. Social and community cultural patterns and behaviours may create unforeseen barriers. For example, family demands on children to undertake seasonal or domestic work often undermine regular school attendance. Malaria prevalence and high incidence of diarrhoea (due to unsafe water and sanitation) are frequent causes of irregular school attendance and under-performance. Difficult terrain and absence of good roads cause erratic attendance of both pupils and teachers. These argue for a multi-sectoral approach to education development, especially integrated health and education planning, where primary school networks can be used to deliver effective 'messages' and stage interventions. A key question remains: what kind of assistance modalities can achieve these outcomes and overcome barriers most effectively? A social fund approach (Box 4) may provide a solution.

BOX 4

SOCIAL FUNDS: A MULTI-SECTORAL MODALITY?

Some Asian, South American and West African countries (e.g. Vietnam, Ecuador, Senegal) have adopted 'social funds' as a means of creating a critical mass of cross-cutting social-sector support initiatives. The majority operate on a demand-basis with small-scale health, education and water-supply initiatives identified and implemented by community groups. The role of Government is then to enable and monitor.

The advantages of the social-fund approach are the broadening and deepening of implementation capability, together with direct community involvement. A potential disadvantage is weak linkage with broader sectoral and poverty alleviation frameworks unless multi-sectoral co-ordination mechanisms are established in advance.

❒ ***Entry Points: When and How to Start*** As with most aspects of SWA, is not yet possible to generalise when and how an education SWA should start. In practice the initial driving force appears to arise from a build up of dissatisfaction and frustration with the *status quo* and an agreement to re-visit education planning, including financial planning. The trigger for a clear movement towards a SWA is almost invariably a political decision requiring strong national leadership and understanding at ministerial level or higher.

What is clear is that after the decision is taken, start-up and continuation depend on a number of issues:

- political acceptability and commitment;
- positive macro-level financial conditions;
- sector level financing, particularly recurrent budget mechanisms;
- resource identification, needs and utilisation;

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- identification of stakeholders and partnership arrangements;
- management arrangements;
- institutional strengthening and capacity building.

It will be observed that these are mostly general issues of institutional *process*: issues that are not specifically educational in nature. One of the aims of the following chapters is to illuminate this process within the education context. Start-up issues are further discussed in Chapter 6.

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3 SECTOR WIDE APPROACHES: CONCEPTUAL ISSUES

❒ ***Defining Sector Wide Approaches (SWA)*** The current movement towards SWA arose in response to a new development agenda and strategy, in part derived from features already perceived within policy-based programme lending and project assistance. Previously, development practice focused mainly on economic growth. Today there is growing recognition that better incomes need to be linked to improved quality of life, including reduced poverty, better education, improved health and more effective institutions.

Cassels (1997), writing about the health sector, identifies properties of SWA that apply equally to other social sectors, particularly education [Box 5].

BOX 5

A SECTOR WIDE APPROACH

⇒ A *sustained partnership*, led by national authorities, involving different arms of Government, groups in civil society and one or more funding agencies

⇒ With the *goal* of achieving improvements in people's health and contributing to national human development objectives

⇒ In the context of a *coherent sector*, defined by an appropriate institutional structure and national financing programme

⇒ Through a *collaborative programme of work* focusing on :

- the development of *sectoral policies and strategies*, which define the roles of the public and private sector in relation to the financing and provision of services and to provide a basis for prioritising public expenditures
- the preparation of *medium-term projections of resource availability* and *sector financing and spending plans*, consistent with a *sound public expenditure framework*
- the establishment of *management systems*, by national Governments and funding agencies, which will facilitate the introduction of common arrangements for the disbursement and accounting of funds; procurement of goods and services and monitoring sectoral performance
- *institutional reform and capacity building* in line with sectoral policy and the need for systems development

⇒ with established structures and processes for *negotiating strategic and management issues* and *reviewing sectoral performance* against jointly *agreed milestones and targets*.

Source: Cassels, 1997

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The International Working Group on Health SWA (1997) has attempted to analyse the theme of sustained partnership through SWA. An analysis by Asamoa-Baah and Nabarro (1998) observes that development patterns reveal three different views of SWA and its processes:

a) SWA as a **new way of working together**, in order to improve working relationships, to enhance the efficiency of development assistance and, ideally, to improve relations with national authorities;

b) SWA as a **new framework for development assistance**, including a process for funding agencies and national authorities to establish agreed plans of action rather than following separate agendas;

c) SWA as a **new instrument for development assistance**, promoting sector reforms through specific, commonly agreed operational commitments (e.g. a SIP - Sector Investment Programme) and devolving greater authority to national Governments in resource decisions.

In practice, there is no right or wrong SWA. What is clear, however, is that the process is currently evolving in different ways in different places and has to account to different circumstances (EU Horizon 2000, October 1996 and November 1997). Type (a) above represents a jumping off-point, based on partnership principles, with evolution to type (c) dependent on in-country dialogue between development partners. Any evolution to type (c) will only take place effectively if there is openness and trust on all sides with no hidden agendas, developing into an operationally useful assistance instrument.

In a study commissioned in 1997 by the UK Overseas Development Administration (now DFID), the Oxford Policy Management Group defined the elements of a Sector Investment Programme as:

- a strategy for the sector;
- a Government expenditure programme;
- a management framework providing for common implementation procedures;
- funding commitments from funding agencies and recipients.

This definition emphasises another major attribute of a SWA: the need for an agreed financing and budgeting framework. For most practical purposes this manifests itself in a projection of how support will be absorbed within the national budget through a Medium Term Budget Framework (Penrose, 1998). Moreover, since the budget belongs to Government, "the recipient is in the proverbial driver's seat" (Gould, Takala and Nokkala, 1998).

- ***Different Forms of Financing Instruments*** As mentioned in Chapter 2, a prime impetus behind SWA is a general dissatisfaction with existing project and programme assistance modalities. Previously, Government-funding agency dialogue predominantly focused on macro-economic issues and/or narrow education sectoral concerns with little linkage between the two. Discussions now centre upon improved public expenditure management and the role of Government in service provision (including education), rather than structural adjustment. Alongside, there is growing recognition that the effectiveness of individual projects and programme support is constrained by the political, economic and institutional environment.

- ***Project Aid and SWA*** The limitations of stand-alone, discrete project assistance are well documented. A proliferation of projects can lead to policy and strategy fragmentation, duplicated approaches leading to waste, Government-funding agency disagreements over spending priorities and weak sustainability of outcomes. Additional arguments against project assistance include lack of national ownership, managerial overload through servicing funding agency missions, creation of non-typical and not-easily-replicated 'islands of excellence' and uncertain, often slow, disbursement of aid. The tradition of Project Implementation Units (PIU) contribute to distortions in staff incentive packages and tendencies for over-centralised planning, management and implementation processes, often inconsistent with broader public service and local Government reform polices, plans and pay norms.

  Nevertheless, these negatives do not constitute an argument that projects have no place in a sector wide approach. The key issue is whether and when traditional project assistance is most appropriate. Equally, it is vital that any project assistance is consistent with broad education policy and budget frameworks and does not conflict with agreed Government policies and strategies. In particular, projects should not be used to avoid dealing with central issues such as weak Government, budget and management systems, including funding agency co-ordination.

  In particular, projects should not be used to allow individual funding agencies to follow their own agendas, nor should secondary and higher education projects be used by Government to avoid hard sectoral financing decisions. In such cases, the acid test for a Government embarking on a SWA is, "Would you say 'no' to a project?" (Tuomas Takala, in discussion, 1998).

- ***Programme Aid and SWA*** While programme aid has the potential advantages of more flexibility, rapid disbursement and less distortion of annual budgets, it does have limitations in a sector context. Experience points to the difficulty in correlating general budget support with achievement of education sector performance targets due in part to problems of fungibility - the movement of money within budgets - and tracking. Linking programme support only to

macro-economic targets (rather than sectoral ones) can create difficulties arising from uneven, stop-start financing of education reform plans. Such budgetary uncertainties can undermine the confidence of sector planners and managers in undertaking continuous longer-term planning, can interfere with programme implementation and distort forward education budget plans.

These limitations have led to a new generation of financing instruments, which recognise the need for less distortion in forward budget planning, provide longer-term assurances of support and acknowledge the need for selective recurrent budget support. Such instruments include World Bank sector investment programmes (SIP), Danish and Swedish sector support programmes (SSP), UK and Netherlands sector budget support (SBS), counterpart funds from European Union structural adjustment support programmes (SASP) and Asian Development Bank sector development loans (SDL). While these developments facilitate implementation of the broad features of a sector wide approach, they still remain largely independent of broader sector policy and strategy frameworks, institutional considerations and the much more comprehensive working arrangements needed for a SWA.

❒ ***SWA Models*** It is possible to identify emerging models for education SWA. The first model is best characterised as a *Sector Investment Programme (SIP)*. A SIP essentially treats the sector as a large-scale project with pre-defined activities over a limited lifetime (often five years) linked to a project-style management blueprint that is adopted by all stakeholders. The advantages of this approach are broad familiarity (a project writ large), limited need for management change and continued use of traditional financing instruments (a tool that satisfies lenders).

The primary disadvantages of the SIP model are:

- a danger that the weaknesses of a project approach could be reinvented;
- limited opportunities for continual strategic review and/or negotiation;
- little incentive for regular monitoring/review.

Moreover, since SIPs, like all SWA approaches, are relatively untried, experience with them 'is quite limited' (Bhatia and Okidegbe, 1997).

The second model can be characterised as education sector and budget support: the *Sector Development Programme (SDP)* model. The main features of a SDP are: less pre-defined activities, a greater focus on outcomes and broad strategic frameworks with less earmarking of funding agency support programmes. The advantages of this model are more flexibility in responding to changes in the financing outlook, facilitation of regular strategic reviews, reduction in funding agency attribution and consequent opportunities for greater Government leadership.

The disadvantages and potential risks are:

- uncertain Government leadership capability;
- the need for new financial management and tracking systems;
- unpredictable disbursement patterns allied to weak absorptive capacity;
- resistance by vested interests (e.g. project unit staff) and, as with SIPs,
- Government and funding agency uncertainty arising out of unfamiliarity and lack of experience of the process.

A potential for tension between these two models is emerging in several countries, especially those accommodating budget support programmes within a SIP. For example, in Ethiopia there is a debate over the pragmatic arrangements of having a 'three-track model' of financial support (budget support, project support through Government, project support outside Government) set in place to accommodate funding agency reluctance to support financial tracking systems that they themselves have not designed. In the Nepal and Ghana education SDPs/SIPs, the debate focuses on splitting funding agency assistance between budgetary and project support. In Tanzania's ESDP and Uganda's ESIP, the point at issue is how much detailing of programmes is required in advance of support. A cross-cutting issue is the uncertainty over the capability of Government financial management and audit systems to handle non-earmarked funding agency support. This is not to say that these tensions cannot be resolved [Box 6]. The challenge will be to design transitional arrangements towards complete use of Government systems, alongside mutual trust in their use and effectiveness.

BOX 6

RESOLVING SIP/SDP TENSIONS: BUILDING MUTUAL TRUST

- Open exchange of views on concerns over Government's management systems (e.g. through Joint Steering Committees and annual review exercises)
- Gradual dovetailing of existing project assistance within agreed policy/strategy frameworks and targets
- Agreed timetables for phasing out of multi-track financing mechanisms, including funding agencies with greatest current uncertainties (e.g. GTZ, JICA, CIDA)
- Early institutional assessments and capacity building strategies for ESIPs/ESDPs, including agreed capacity building outcomes and targets
- Possible use of pre-investment capacity building strategies and activities, focusing on financial tracking and management systems
- Selective, limited support programmes alongside capacity building to maintain Government confidence in ESDP approach, with jointly agreed risk management strategies

Source : Bhatia and Okideghe, 1997

It would be misleading to leave readers with the impression that education SWA can be neatly categorised within one of the above models or another. In practice, it would be more accurate to say that each country develops its own *Expediency Model* that contains elements of SIPs and SDPs, not to mention traditional projects, especially during inception.

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❒ ***SWA: Other Sector Comparisons*** Gould, Takala and Nokkala (1998) note that SWA are found predominantly in the social and infrastructure sectors. Their study shows that in Africa, the spread of SDPs/SIPs is in social sectors (48%), infrastructure (38%) and agriculture (14%). This pattern is similar for Asian Development Bank support programmes in Asia, where the majority of SWA are in the health, education and energy sectors.

Several issues arise from these patterns. Firstly, SDPs/SIPs are predominantly in those sectors where the public sector role is dominant. There is a danger that, without adequate involvement of the private sector, NGOs and local communities, SDPs will reinforce centralisation and Government administrative structures when the objective is the reverse. A recent analysis in Indo China (Asian Development Bank, 1999) also suggests that the channelling of external assistance through the central Government budget is reinforcing centralisation and acting as a barrier to decentralisation.

❒ ***SWA and the Private Sector*** A second issue is that there is a tendency to overlook private contributions to social sector development and financing, when, for example, the private financing of health and education services can be as high as 70% – 80% in certain subsectors and regions. The marginalisation of the private sector and local communities in education is in danger of being exacerbated by an international inclination to focus on basic education, i.e. subsectoral SIPs/SDPs (e.g. Zambia BESIP, Nepal BESIP). There is a danger that the growing frequency of BESIPs reflects Governmental unwillingness to address key financing and institutional reforms associated with secondary, technical and higher education, an unwillingness often fuelled by external agencies who regard these subsectors as being of less importance. The dangers in the health sector are similar where resolving institutional and financing issues associated with curative services are vital to sustainable reforms. Cassels and Janovsky (1998) note the growing school of thought that in developing a health SWA one of the main issues is to 'broadly decide the kinds of services that should be privately financed'. A lesson that should not be lost on education.

Recent evaluations of agriculture SDPs/SIPs highlight the importance of involving the private sector, NGOs and community groups in the planning and delivery of reforms. A review conducted in Zambia (Agriculture SIP Workshop, 1997) points to the critical importance of developing private sector and NGO capacity in planning and delivering sector reforms. If capacity building efforts are restricted to the public sector, there is a distinct danger that public sector reform efforts will be undermined, especially if there is a central focus on policy/monitoring with management delegated to lower levels. A later study, also involving Zambia's ASIP, proposes that one essential milestone to be covered is the development of 'clear roles and responsibilities of and between the private and public sector' (SPM Consultants, October 1998).

There is a similar danger that education SIPs/SDPs could become a vehicle for reinforcing central control. To avoid this, planners need to take account of a number of strategic considerations. Firstly, BESIPs/BESDPs could be formulated within a broader sectoral framework, including clear financing policies and plans, for post-primary provision. In essence, BESIPs might be seen as a first phase in a sequenced sectoral programme rather than stand-alone initiatives. Clear policy targets for secondary/technical/higher education reform need to be built into the initial SDP framework rather than be put to one side because they may otherwise be difficult to resolve. Ongoing dialogue on such issues needs to be part of the initial work programme.

Secondly, institutional assessments and capacity building needs of the private sector and NGOs should be incorporated early into any education sector programmes. This should include early consultation with these groups about reform planning processes. Most of the ESIPs/ESDPs tend to show the reverse (e.g. Uganda ESIP, Mozambique ESSP, Zambia ESIP). In contrast, the Tanzania ESDP process has attempted to generate an ESDP/NGO Partnership Paper. Useful lessons could be learnt from health SIPs/SDPs (e.g. Uganda, Niger, and Zambia), where the role of the NGOs and communities in service delivery were specified at the inception stage.

A related issue is the tendency within education SWA to focus on centrally planned, supply-side and top-down programming. In order to capture private sector and community participation, programme designs need to stimulate the bottom-up demand side. There are several useful examples of this approach, including community-based primary school facilities programmes, whereby communities identify their own needs [Box 7]. A variation is the use of demand-driven community education funds in Indonesia's ESDP with ADB/World Bank support and in Kenya SPRED II with DFID support. The challenge will be to use these specific programmes as both a vehicle and catalyst for promoting and implementing broader education management decentralisation policies and plans.

❒ ***Enabling Broader Community Development SWA*** DFID's Social Development Division offer a timely warning that development co-operation policies 'have tended to focus on the delivery of "aid" to "sectors" rather than enabling people to take greater control of their lives', (Social Development Division, DFID, 1998). In support of this view, there is growing evidence that improved education provision and participation correlate strongly with broader poverty reduction, family health, nutrition and family planning gains. Likewise, improved education participation (especially literacy improvement) is a pivotal feature of community empowerment and enabling decentralisation of the planning and management of social services and rural income generation schemes. Another key consideration is that wide dissemination of information to communities on education standards and school effectiveness is

critical in capturing community involvement and stimulating improved community governance of school systems.

BOX 7

MEETING COMMUNITY-DRIVEN DEMANDS
Primary School Facilities (PRISFAC) Programmes

Several ESDP/ESIPs incorporate community-driven schools facilities programmes whereby classrooms, school furniture and sanitation are provided to meet expanded primary enrolment (e.g. Cambodia, Lao PDR, Tanzania, Uganda). One model is outlined below.

PRISFAC is a DFID-supported primary school facilities building programme in Uganda. It forms a template for the national provision of classrooms as part of UPE expansion under ESIP. It provides management and financing systems to enable communities to access funding and undertake construction using local contractors.

The overall framework of PRISFAC responsibilities is:
a) MoES is responsible for setting policy, monitoring performance and audit,
b) Districts are responsible for controlling and supervising PRISFAC activities,
c) School Communities and contractors are responsible for identifying needs and implementing project activities.

A Schools Facilities Grants (SFG) utilises the following process:
1) School communities (at local, county, district levels) and/or NGO/other relevant groupings apply for a grant;
2) Applications are processed by the DEO and screened according to national criteria;
3) Applications are then ranked, costed and appraised and presented to the District Committee for approval;
4) Contract work is undertaken, supervised by engineers appointed by the district.

SFG is financed through a MoF account to which DFID provides budget support, with disbursements following procedures used for Conditional Grants.

These programmes are viewed as a key component of broader decentralisation plans within SWA. At present there are few reliable mechanisms for translating education decentralisation policies into practice.

In practice, few of the current ESIPs/ESDPs focus on these issues. A number of strategies could be considered to set ESDPs within a broader community development setting. One approach is to formulate cross social sector programmes (e.g. the Pakistan Social Action Programme and Thailand Social Sector Programme), where the links between education and other social sectors are clearly defined [Box 8]. The benefits of the social-sector approach arise from the opportunities afforded for integration of hitherto apparently disparate activities, such as linking education and health in a more productive way.

❒ ***SWA: Perceived Advantages*** In conclusion, the process and outcomes of a SWA offer two broad advantages. Firstly, a SWA focuses greater attention on education sector performance, outcomes and service quality through a greater emphasis on policy, budgetary and institutional concerns and arrangements. Secondly, the intention of a SWA is to provide an opportunity for more effective relationships between national Governments and funding agencies,

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including increased national leadership, ownership of reform plans, revised mechanisms for joint Government-funding agency strategic negotiations and performance review.

BOX 8

CROSS SECTORAL PROGRAMMES

1 Pakistan: The Social Action Programme (SAP)

"The SAP Project (SAPP) is probably the purest example of operations meant to assist entire programs across all four major social sectors (elementary education, primary health, population welfare and RWSS [rural water supplies and sanitation]). Rather than 'cherry picking' - financing only the attractive parts of, say, elementary education - they assist elementary education as a whole. Moreover, having one operation that covers all four social sectors permits addressing problems that cut across the sectors [...] SAPP takes on the policy framework, the financing arrangements and the implementation system as a whole for all four social sectors. [...] - financial aid under SAPP is a financing item in the Government budget."

2 Thailand: The Social Sector Program Loan (SSPL)

[The SSPL will] "provide opportunities for accelerating decentralisation in the planning, management and delivery of social services. A greater emphasis as community-based, demand-driven assistance programs (e.g. social funds, community water/sanitation programs) and integrated primary health/education initiatives (e.g. using schools to deliver mother/child health programs) could underpin Government's decentralisation efforts."

Source: (1) Morris, 1998, (2) Asian Development Bank, 1999

The next chapter will discuss the extent to which current funding agency policies and practices incorporate the perceived positive features of SWA.

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4 FUNDING AGENCIES: EDUCATION POLICIES, STRATEGIES AND APPROACHES

- ***DFID*** Whereas this chapter reviews the policies and strategies of a broad spectrum of multilateral and bilateral funding agencies, the first few sections are specific to the UK Department for International Development (DFID).

- ***Evolution of DFID Policy/Strategy*** Within DFID/ODA, education policies and strategies have evolved significantly since the eighties and throughout the nineties. In the early eighties, policy and strategy could be characterised as being fairly narrowly focused on educational technical issues with a broadly opportunistic strategy of filling investment gaps. The consequence was a patchwork of projects covering primary, secondary, technical and higher education. Little explicit reference was made to cross-cutting issues or funding agency co-ordination.

  Into the Nineties: an Educational Policy for British Aid (ODA, 1990) represented a major shift. The broad policy objective was to contribute to poverty reduction, with a consequent shift in broad strategy towards quality basic education services. The consequence was an increased emphasis on primary/lower secondary education provision and targeted support for instructional materials and teacher development. The need to address institutional, gender and financing issues received prominence, alongside a growing recognition of the importance of effective funding agency co-ordination.

  Education Division's next policy paper, *Aid to Education in 1993 and Beyond* (ODA, 1994) broadened the policy agenda further. The overall policy alleviation goal was reaffirmed, alongside a shift towards broader human development and human capital objectives. The critical importance of strong economic management, good governance and cross-cutting social development and gender issues became more central, alongside a firmer acknowledgement of the need for strong Government/funding agency dialogue and co-ordination. The need to base assistance programmes on national leadership of agreed policy reforms became more explicit and the scope for sector aid packages (including current budget support) was recognised.

  The *1997 White Paper* took the agenda significantly further forward. Assurances of strong Government/funding agency partnerships (based largely on policy commitment and institutional criteria) became central to overall policy. The implication was that strong macro economic management and assured national policy leadership was fundamental to achieving jointly shared poverty reduction and specific education sector reforms and targets. A second implication

was that education aid had to contribute to achievement of broader DFID policy objectives, including involvement with civil society and health, population and employment generation goals.

A fundamental change was the setting of clear development targets (based on agreed OECD/DAC targets). The most significant implication was that all development partners would share responsibility and be jointly accountable for achieving them, including poverty, sectoral and cross-sectoral targets [Box 9]. This required the development of systems for information dissemination, progress/impact monitoring and evaluation. Sector wide approaches through sector aid packages became more central to overall strategy.

BOX 9

BROAD DIFD EDUCATION STRATEGIES

We also intend to strengthen and extend partnerships to support a range of innovative strategies. These will include:

- development of policies and practices to improve schools, educational opportunities and achievement within education systems
- involvement of local communities in developing and managing schools to increase local participation and accountability
- creation of new opportunities for the poor to participate in education at all levels
- reconstruction of education systems in poor countries emerging from acute social upheaval
- promotion of scholarship and research to improve our knowledge and understanding of how education can contribute to the elimination of poverty

Source: DFID, 1997

In line with the *1997 White Paper*, Education Division's current policy framework, *Learning Opportunities for All* (DFID, 1999) gives prominence to education for the elimination of poverty, while stressing equitable, high-quality, effective systems that will deliver knowledge and skills development. Key benchmarks against which to assess investments in education will be Universal Primary Education and the removal of gender disparities in primary and secondary schooling. The policy framework notes that the 'scale of the poverty agenda ... require[s] new development arrangements' and that 'in education, as well as other sectors, DFID will move towards sector wide support for educational development and in countries where there is a strong commitment to this approach'.

❒ ***Implications for Design/Appraisal Processes*** The implications of the *1997 White Paper* for DFID operational strategy are profound. Firstly, the broad strategy implies a long-term systemic view to reform, with policy-led assistance programmes. This highlights the operational importance of a long-term planned transition for reform, including dovetailing existing projects and assistance programmes

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within a firm policy framework. Secondly, it highlights the need to make economic management, social, gender and institutional considerations central to design and appraisal processes and to involve the poor and local communities in them. Thirdly, it reinforces the pivotal importance of strong monitoring evaluation components that address policy, technical, financial and institutional building outcomes.

As a consequence, the strengthening of central sectoral governance and management systems together with assessment of policy leadership and commitment for education reforms become the overarching design/appraisal consideration. Another consideration is a careful analysis of the extent to which the proposed education reforms can contribute to longer term poverty reduction, improved equity of access to education and broader social services, as well as to DFID's public sector management and governance objectives. This argues for a cross-cutting approach incorporating careful institutional, social and economic appraisal, alongside traditional technical design/appraisal approaches.

❒ ***Broad DFID Strategic Directions*** The 1998 evaluation by Al-Samarrai, Bennell and Colclough of DFID support for primary education highlights the changes in DFID strategy for education development. Firstly, there has been a marked shift towards support for primary education with declining secondary, higher and technical education aid volumes. Secondly, the early to mid nineties heralded a movement towards higher aid volume and more systemic approaches (e.g. Andhra Pradesh, SPRED II Kenya). Thirdly, design and appraisal processes demonstrated increased concern over issues that address poverty, inequity (including gender), macro-economics, institutional reform and capacity building.

The mid to late nineties has seen a further consolidation of broader sectoral development, system-based approaches. In East Africa, DFID has been at the forefront of sector wide approaches (e.g. ESDP Tanzania, ESIP Uganda), alongside providing support for the ESDP in Ethiopia. In Southern Africa, DFID has been a key participant in sectoral and sub-sectoral development programmes in Malawi, Mozambique and Zambia. In West Africa, DFID became an early supporter of the Ghana ESDP. Similarly, DFID has provided significant support for the multi-sectoral Social Action Programme (SAP) in Pakistan and the implementation of decentralised education support programmes in some Indian states. DFID strategy elsewhere (e.g. SE Asia, Pacific, Caribbean) appears more variable and opportunistic, due in part, perhaps, to lower prioritisation and spending volumes.

The publication in May 1999 of DFID Education Division's policy framework, indicates a clear shift towards adoption of sector wide approaches as a development policy where in-country commitment is likely to be reciprocated. Four interpretations of the current position can be considered:

1) SWA is simply a process for ensuring more rigorous design and appraisal of stand-alone sector support programmes, especially to ensure that support is cost-effective and sustainable within a broader institutional and financial context.

2) SWA is a response to growing dissatisfaction with projects and programme aid approaches, including limited impact on policy reforms.

3) SWA represents a mechanism for better funding agency co-ordination through formal Government/funding agency agreements (e.g. Partnership Papers, Codes of Conduct). The impetus for this strategic position may be correlated with levels of expertise and in regions where DFID anticipates large spending volumes for education (e.g. Eastern and Southern Africa and the Indian sub-continent).

4) DFID education strategy has hitherto moved towards adoption of a sector wide approach and the current position is a pragmatic, transitional arrangement towards education SWA.

Education Division's policy paper clarifies DFID's approach to education/poverty alleviation links and, implicitly, will help to shape its relationships with other funding agencies. Most importantly, it should provide a coherent framework for Government/DFID arrangements in future education partnerships.

❒ ***Overview of Current DFID Approaches*** Education SWA remain in their infancy in most countries. Equally, DFID education strategy on the ground appears to be in a state of transition with significant regional/country variations. Current approaches may be characterised in four ways:

- ***Intrinsic***: A sector wide, 'pure' SWA approach (e.g. Uganda, Tanzania, Zambia, Mozambique)

- ***Supportive***: Sub-sectoral SWA approaches, within a broader policy/institutional framework (e.g. Ghana, Malawi, Nepal, Pakistan, Belize)

- ***Transitional***: A transition to a sector wide approach, involving discrete programmes/projects within a broad sector policy framework (e.g. Bangladesh, Kenya, India)

- ***Traditional:*** Discrete projects, with a variable degree of broader policy settings (e.g. Caribbean, Pacific, West Africa, SE Asia)

In anticipation of how the recently published education policy (DFID, 1999) will manifest itself in the immediate short term, DFID advisers have already identified a number of issues regarding SWA (Box 10).

BOX 10

DFID ADVISERS: SOME SWA ISSUES

SWA Design Issues

- Need to establish clear links between SWA design and sectoral decentralisation
- Need to incorporate Public Expenditure Review framework as part of SWA design
- The need to establish sound dialogue between Education and Finance ministries
- Underdeveloped involvement of NGO and private sectors, especially at the design stage

Implementation Issues:

- Insufficient attention paid to institutional and management issues
- Lack of agreed (or well chosen) performance indicators - leading to poor monitoring
- Monitoring systems yet to be developed properly, especially those that check on poverty alleviation
- A need for strong EMIS to be developed
- Where SWA is devolved provincially (e.g. Ethiopia, Pakistan), there needs to be clarification of roles of the federal and provincial Governments (often a need to develop a shared vision of SWA)

Poverty Issues:

- How can poverty analysis be factored into SWA?
- What can be achieved by the education sector in terms of poverty alleviation?
- Consideration of differential impact monitoring and evaluation in the poorer areas of countries

Funding Agency Issues:

- Lack of discipline from funding agency groups, especially in appreciating the need to work at the client's pace
- Inflexibility of funding agencies can hinder just as much as that of Governments

Source: Discussions with DFID Advisers, October 1998

❒ ***Bilateral Funding Agencies: Issues and Strategies*** Like DFID, other funding agencies are increasingly recognising that education support programmes cannot be developed in isolation. There is a broad shift, both within Governments and funding agencies, away from specialist, often narrow, education programmes towards broader policy and strategic support. This is reflected in the new financing modalities that are emerging (e.g. the previously mentioned SIP, SASP, SBS, SSP, etc.).

Discussions with a number of funding agencies reveal very similar concerns to those expressed within DFID, with the need for the development of sound indicators and follow-up monitoring and evaluation procedures well to the fore. Compare Box 10 with Box 11.

Policies and strategies vary across funding agencies. For example, of the Nordic Group, Denmark, Norway and Sweden have adopted pro-SWA policies. In strategic terms, Finland recognises that SWA represent 'a practical solution to the problem of translating political and economic dialogue into a long-term development programme' (Department of International Development Co-operation, 1998) and provides significant support to sector and sub-sector programmes in

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Ethiopia, Mozambique, Nepal and Zambia. Despite this, they have yet to adopt SWA as policy. Although Denmark has a pro-SWA policy, in practice DANIDA supports SWA approaches in some countries (Nepal and Mozambique) but not in others (e.g. Uganda).

BOX 11

FUNDING AGENCIES: SOME SWA ISSUES

- Funding agency inflexibility can threaten SWA (e.g. the multilateral lending banks which often appear to keep to their own priorities regardless of specific country problems). Bilaterals can also be inflexible.
- SWA demands effective decentralisation, especially in countries with federal systems.
- Since indicators appear to drive the SWA process, they need to be well chosen and corresponding monitoring systems established.
- Whereas Impact Monitoring is often seen as a justification for SWA, there is little evidence of how effective it is.
- How can parental, private and community involvement be calibrated and counted in?

Source: Discussions with Finnish and Swedish Officials, November 1998

In some ways USA and France play a unique role in development. Both countries have global reach. USAID, for example, has very strong policy leverage, a long history of programme support and is playing a lead role in debt-relief initiatives. Box 12 provides a summary of USAID conditionalities for sector support to education.

BOX 12

USAID PRECONDITIONS FOR EDUCATION SECTOR SUPPORT

- Macro-economic policies and economic performance should be favourable.
- An authentic sector reform should be under way
- The political environment should be moving towards greater civic participation in policy formation.
- A public policy review and analysis process should be in place (or planned) in the education sector
- The MoE should have committed leadership and a reform strategy
- The sector should have feasible plans to develop the necessary institutional capacity
- There should be sufficient information to monitor change at both process and student level

Source: Derived from Al-Samarrai, Bennell and Colclough, 1998

French Aid remains particularly influential in Francophone Africa and Indo China; this includes a number of countries with SDPs/SIPs in preparation (Mali, Cote D'Ivoire, Senegal).

There are indications that both USA and France are increasingly willing to join SWA partnerships, e.g. USAID in Uganda and French Aid in Cambodia. However it should be noted that while USAID *per se* may be keen to support a SWA approach, Washington's State

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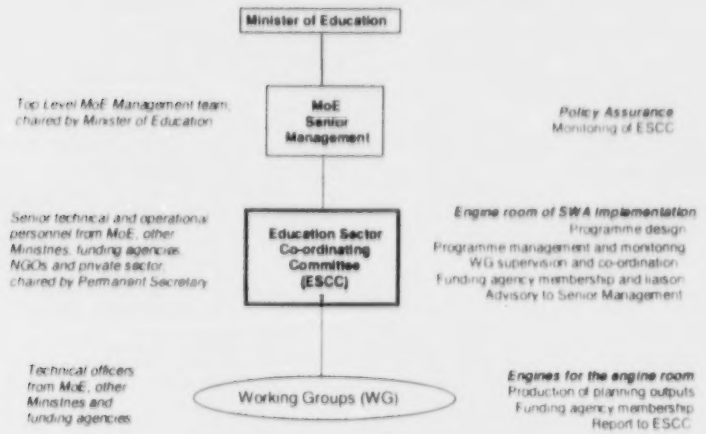
Department may intervene to prevent it (as in Ethiopia). It is also reported that French Government policy is to strengthen development co-operation mechanisms with other funding agency partners.

On a different strategic plane, there is a tendency for smaller funding agencies to group together for certain purposes (e.g. the Nordic Group with Ireland and Netherlands). This raises the question of whether such groupings may eventually constitute 'mini-multi-nationals'[2] with the subordination of national policies to broad approaches to development of the kind which SWA appear to offer.

[2] *The authors are grateful to Professor Tuomas Takala, University of Tampere, for this phrase*

There may be a pivotal role for 'small' funding agencies in nurturing effective SWA partnerships. It is interesting that in several countries, funding agencies of countries such as Finland, Ireland and Netherlands are perceived by Governments as honest brokers. The reasons for this vary but include perceptions of having no explicit agenda, well-focused country priorities, non-alignment and as a consequence are seen as neutral supporters and partners. For example in Tanzania's and Uganda's education SWA, Finland-Ireland and Ireland-Netherlands respectively were early supporters of common TA funds and common work programmes.

Fig 4.1 Education Sector Co-opdinating Committee


Minister of Education
Top Level MoE Management team, chaired by Minister of Education
MoE Senior Management
Policy Assurance
Monitoring of ESCC
Senior technical and operational personnel from MoE, other Ministries, funding agencies, NGOs and private sector, chaired by Permanent Secretary
Education Sector Co-ordinating Committee (ESCC)
Engine room of SWA implementation
Programme design
Programme management and monitoring
WG supervision and co-ordination
Funding agency membership and liaison
Advisory to Senior Management
Technical officers from MoE, other Ministries and funding agencies
Working Groups (WG)
Engines for the engine room
Production of planning outputs
Funding agency membership
Report to ESCC

The concern of both the DFID and Nordic Group officers regarding funding agency inflexibility [Boxes 10 and 11] clearly reflects past negative experiences. This may be linked to frequently received reports that the success or otherwise of introducing SWA can hinge on the personalities of regional representatives of funding agencies. Where relationships are healthy, the introduction of a SWA is likely to be a productive exercise. Fig 4.1 shows the organisation of a typical Education Sector Co-ordinating Committee and the active part that can be played by funding agencies on that committee and on the working groups that inform it. Such an approach, however, will not work without partnerships between funding agencies (as well as with Governments).

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- ***European Union Initiatives*** The European Union has played a constructive role in terms of both co-ordination of European funding agency SWA policy and strategy and in-country operations. The EU Horizon 2000 initiative has effectively acted as a discussion forum and clearing house for learning lessons and forward planning of ESDP/ESIP initiatives. EU technical advisers gave an early lead in the development of operational instruments (e.g. Code of Conduct, see Box 27). The annual Horizon 2000 meetings have also provided a forum for face-to-face discussions between partner Governments and funding agencies. For example, the draft education SWA Code of Conduct was tabled at the annual ADEA meeting of Ministers of Education (Entebbe, April 1998) resulting in positive feedback and an emerging consensus.

  As with the UN and Regional Banks, the EU has a comparative advantage, appearing as a neutral but influential broker that is not involved with narrow issues and perceived national agendas. Despite this, however, there remains a need to build up a critical mass of educational expertise within the EU. DFID provides some direct support to EU by financing both Brussels-based and in-country education advisers. There is a strong argument for other European funding agencies providing similar support, possibly linked to strengthening of the EU role as an education SWA clearing house.

- ***Bilateral Funding Agencies That Are Uncertain About SWA*** While many funding agencies are increasingly embracing the SWA as a broad strategy, a number of agencies remain unconvinced (e.g. CIDA, GTZ, JICA). Their main reasons are possibly an adherence to familiar processes, lack of attribution, the need for policy control, a lack of understanding of (or belief in) financial safeguard systems and issues of fungibility. These agencies appear to prefer to support education sector reform through projects. A typical question raised as an argument against giving budget support to a SDP is 'How do we know the money will not go towards the purchase of weapons?' (discussion with CIDA official, 1999); a question that was widely aired in connection with SWA support when Pakistan recently tested its nuclear weapon capability. There is no reason, nevertheless, to suppose that this position will remain static [Box 13].

- ***The Lending Banks*** The World Bank occupies a special position in any discussion on sector wide support. Already, through structural adjustment programmes, the World Bank is providing *de facto* support to sector development in many countries. In addition, Harrold's (1995) paper on SIPs may justifiably be considered as an important contribution to the current debate. The position outlined by Harrold has been revisited subsequently by a number of World Bank officials (Noman, 1996, Pena 1996, Cleaver, 1996, Adalbert and Okidegbe, 1997, Demery and Walton, 1997, Orbach, 1997, Bhatia and Okidegbe, 1997).

BOX 13

FUNDING AGENCY PRACTICES IN TRANSITION: JICA

JICA appear to be considering transition towards SWA. To date, the JICA stance has been cautious for reasons of attribution, uncertainties over fungibility of funds and in particular their own internal technical capacity to participate in strategic dialogue at the field level. The strong tendency to rely on Japanese contractors and rigid procurement policies create additional difficulties.

Nonetheless a recent JICA study (US Office, 1998) charts a possible strategy for increased participation in SWA partnerships, including new collaboration mechanisms, strengthening local JICA field expertise and a proposed SWA programme grant mechanism.

This kind of transparency in acknowledging real difficulties and constraints should be welcomed. In reality, especially at the country/field office level, other funding agencies express the same concerns. As Noonan (1997) points out, there remains a significant reality gap between HQ policy and field operations.

In many instances, the World Bank treats a SIP as a project, requiring a detailed 'blueprint' of proposed actions over a given time span, e.g. over five years, but often much longer (10 - 20 years). In the views of many officers from funding agencies, the World Bank frequently appears inflexible, maintaining its own priorities and not taking the particular circumstances of client countries into enough consideration [Box 14]. Nevertheless the World Bank co-operates with funding agencies in a number of education SWA programmes (Ethiopia, Ghana, Uganda).

BOX 14

WORLD BANK AND SWA: THEORY AND PRACTICE

World Bank have been at the forefront of SWA. Harrold (1995) identified key features of SWA as comprising: sector wide, policy based, locally owned and led, funding agencies signing up to common processes and little foreign TA.

Some funding agency perceptions are that World Bank theory and practice are not always fully consistent with these principles. WB-financed TA frequently appears to marginalise other funding agencies: 'harmonisation of processes' often means that other funding agencies have to follow bank procedures rather than negotiated country-specific solutions. Others observe that few SIPs appear to include scope for performance-led budget tranching due to uncertainties over appropriate bank lending modalities. WB-led SIPs tend to view capacity building in terms of adequate arrangements for project management rather than taking a broader view.

Though by no means alone in this, one tendency of the WB is for it to negotiate its own agreements with Governments in isolation. This can create a climate of mistrust and suspicion. In Ethiopia, the Government, which very much in charge of the SWA, forced the pace which suited the WB who were keen to disburse quickly. This was interpreted by other funding agencies as not providing 'enough space' for thorough consultation (Linda, 1998), though it should be noted that repeated offers by WB to step aside as lead agency were never taken up.

Despite funding agency concerns, the challenge will be to forge effective working relations with World Bank and other agencies. A clear message is that such relations are facilitated by strong Government leadership.

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The Asian Development Bank's (ADB) position towards SDPs is spelled out in its *1996 Review of Program-Lending Policies*. In broad terms ADB, like the World Bank, supports the use of 'pure program loans' especially where 'a sector requires both large-scale investment lending and substantive policy reform' (*op. cit.*). Increasingly ADB is examining the scope for using SDP loans that are a hybrid of programme support, discrete investments and capacity-building TA as a means of increasing the policy focus [Box 15].

BOX 15

ASIA AND THE PACIFIC: CHANGING PERSPECTIVES

Asian Development Bank (ADB) has become a major lender in the education sector in the past ten years. The ADB target is to reach 50% of lending for social infrastructure. Bank portfolio reviews, the 1997/98 economic crisis in South and East Asia and the withdrawal of Eastern bloc aid to Central Asia have created impetus for new education assistance approaches, especially tranched sector budget support.

In Thailand, the ADB provided a US$500 million social sector loan, managed by the Fiscal Policy Office (Ministry of Finance), aimed at fundamental, institutional and financing reforms in health and education. The Indonesia ESDP aims to protect primary school enrolment through a assistance to poor families channelled directly to community groups. In both cases support will be tranched against agreed performance targets alongside TA for strengthening monitoring operations.

In several Central Asian republics the aim is to put education on a sustainable financial footing. ESDPs are under way in Mongolia and Kurgstan (planned in Uzbekistan) with tranched support against an agreed policy menu and targets. In the small South Pacific countries ADB is examining the efficacy of small-scale innovation loans focused on key institutional and capacity building reforms.

Source: Selected ADB loan documentation, 1997-1999

Much of the debate over funding agency partnerships has paid insufficient attention to a potentially important role for the regional development banks, e.g. African Development Bank (AfDB), Caribbean Development Bank (CDB) and Inter-American Development Bank (IADB). The partnership arrangements appear mixed. For example it is reported that CDB and IADB are increasingly active in sector policy development in the Caribbean (Guyana, Jamaica). In contrast, the ESDPs in many African countries appear to enjoy only marginal AfDB support.

The regional banks have strong political/professional networks amongst regional members, are seen as 'one of us', are not perceived as having external agendas and, as a consequence, have significant credibility. Channelled and nurtured effectively, they represent a potentially strong, professional and financial partner for SWA. The challenge to funding agencies will be to nurture effective partnerships and strengthen their capacity, possibly through out-posted advisers, similar to current practice with the EU and, less formally, to provide support for regional working groups (ADEA, 1998).

BOX 18

UNDP: AID ACCOUNTABILITY INITIATIVE

In 1997 UNDP established an international working group on aid accountability, to address concerns over probity and transparency in accounting of aid finance. Ten guiding principles and protocols have been formulated, representing a virtual *Code of Conduct* for financial management. There may be scope for incorporating these principles into SWA education guidelines. At present it remains unclear what process will be adopted to translate principles into country-specific practices.

Source: Sector Programming and Accountability Initiative, UNDP, 1997

❒ ***The UN Agencies: Strengthening Their Role*** Unlike the various working groups on health SWA, the UN agencies have not played a central role in education SWA policy/strategy deliberations, either at HQ or at in-country levels. This appears to be a missed opportunity. Like many of the regional development banks, the UN agencies could play a very powerful role in consolidating international and regional professional networks and SWA information exchange. In health, through the World Health Organisation, a number of funding agencies have been supporting regional and country advisers whose role is to stimulate debate on SWA. There may be scope for similar out-posted advisory arrangements in education through UNESCO, UNICEF and UNDP. Indeed, at a time when, for example, UNESCO is judged to lack vision and moral authority (Watson, 1999), to need restructuring and reform (Jones, 1999, Mundy, 1999) and to be unable even to guarantee the quality of its statistical data (Heyneman, 1999), there appears to be a very strong case for formal support of the kind outlined above.

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5 STRENGTHS AND WEAKNESSES OF SECTOR WIDE APPROACHES

❒ ***The Consultation Process*** The study incorporated a number of consultative processes with funding agency staff, field technical assistance and informal consultation with selected Government officials. A framework, summarised in Box 17 below, was used for data gathering of ongoing SWA type support programmes.

BOX 17

SWA TO EDUCATION: A CONSULTATIVE FRAMEWORK

- ***Ownership and Leadership :*** Government commitment, main champions, and pockets of resistance within Government and funding agencies?
- ***Design and Planning :*** Government understanding and capacity, alternative design approaches, linkage with financial/institutional issues, forms of funding agency support for design process?
- ***Cross-cutting Issues :*** Linkage with macro-economic framework and PER, effectiveness of poverty assessments and poverty reduction plans, effectiveness of institutional assessment and capacity building strategy?
- ***Phasing and Sequencing :*** Evolving or blueprint approach, effectiveness of phasing and sequencing, attention to sector performance monitoring systems, attention to outcome-based technical/financial tracking systems?
- ***Transitional Arrangements:*** Attention to transitional phase, incorporation of existing projects into SWA, various forms of transitional support, maintaining Government confidence in SWA?
- ***Funding Agency Procedures:*** Effectiveness of funding agency co-operation, forms and efficiency of formal Government/funding agency partnerships, sources of funding agency tension?

Summary of Case Study Review Instrument

The consultation framework broadly focuses on the impetus behind SWA approaches, assessments of the degree of Government ownership and leadership and Governments' planning and design capabilities. It was designed to determine the degree of linkage between sectoral and cross-cutting institutional, social and financial issues, the attention given to sector performance monitoring, any planned transitional arrangements and the procedures for effective funding agency co-operation.

❒ ***Funding Agency Discussions: Overall Findings*** Discussions with economic and institutional advisers of funding agencies confirm that the emergence of modified design and financing modalities (SIPs, SDP and SSPs) is a symptom of a shift in focus on macro-economic dialogue between Governments and funding agencies. Discussion now centres upon improved public expenditure management and the

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role of Government in public service provision rather than overall structural adjustment. Alongside, there is growing recognition that the effectiveness of individual projects is constrained by the policy, economic and institutional environment within which a project is implemented. A SWA is therefore largely a response to the limitations of project assistance and programme aid. These responses are succinctly encapsulated in Box 18.

BOX 18

SECTOR APPROACHES: SOME EARLY LESSONS

- SWA may be better placed to internalise external factors, especially macro-economic and institutional concerns
- Flexible budgetary support needs to secure additionality to sector funding
- A long term vision (not blueprint) is critical, showing clear linkage between strategic targets and realistic resource envelopes
- SWA for education needs to be set within broader civil service and local Government reforms; sector ministries alone cannot lead reform processes
- Greater attention needs to be given to outcomes and outputs, rather than simply resource shifts, linked to reliable data collection and monitoring systems
- Early commitment to SWA can build up confidence, trust and capacity, while accepting the need for flexible adjustment to strategy and budgeting
- Funding agencies need to show more trust in Government systems, linked to reasonable accountability and audit mechanisms within Government

Source: Foster, 1998

Various evaluation exercises (e.g. World Bank 1998, DFID 1998) highlight the limitations of project assistance. A proliferation of projects can lead to policy fragmentation, resulting in conflicting or duplicated (sometime parallel) approaches, distortion of spending priorities and uncertain sustainability of outcomes and benefits. Additional arguments against a project approach include lack of national ownership, managerial overload through servicing funding agency missions, lack of flexibility in adjusting to changing policy environments and a tendency to create 'islands of excellence'. The tradition of stand-alone PIUs contributes to distortions in staff incentive packages, overburdening of key ministry staff and a danger of continued over-centralisation of management and implementation responsibilities, often inconsistent with public service and local Government reform policies.

An over-arching concern is the likelihood of slow absorption and disbursement through the use of PIUs. Recent surveys (e.g. Uganda school facilities projects, 1998, ADB portfolio reviews 1996/7, World Bank, 1998) demonstrate that central procurement can result in low disbursement rates, often as low as 15 – 20% of targets. Use of PIUs often create parallel technical and financial management and accounting systems which drain the capacity of national systems and undermine aid capture within national education budgets.

While programme aid has the potential advantages of more flexibility and rapid disbursement, it has limitations in a sector context. Several agency evaluations point to the difficulty in correlating general budget support with achievement of education sector performance targets, due in part to problems of fungibility and tracking. Linking budgetary support to macro-economic targets can create difficulties in uneven, stop/start financing for education reform. These budgetary uncertainties can undermine confidence and continuity, interfere with programme implementation and distort forward education budget planning.

❒ ***Impetus for SWA to Education*** In general, agency advisers consider that the movement towards a sector-wide approach addresses these limitations. The main SWA characteristics are a sustained partnership arrangement (often formalised in a Memorandum of Understanding, e.g. Tanzania, Zambia) that aims to define sector scope, a collaborative work programme and agreed strategic negotiation/review structures. Work programmes increasingly focus on developing phased and sequenced sector policies and strategies, resource availability and expenditure projections, common management systems and institution building plans (e.g. Ghana, Uganda).

Advisers' comments [Boxes 18, 19 and 20] and a growing literature (e.g. Harrold and Associates 1995, SIDA 1995, Eeckhout 1996, Oxford Policy Management Group 1997, Andersen and Christensen 1997, Bhatia and Okidegbe 1997, Cassels 1997, EU Horizon 2000 1996 & 1997, SPM Consultants 1998, Gould, Takala and Nokkala 1998) highlight the *potential* strengths of the SWA [our emphasis]. National leadership and the use of national systems are central to the SWA context of joint negotiation and collective responsibility.

Secondly, a SWA is an evolving process, including phased and sequenced programmes, not a time-bound exercise. This allows for feedback review and flexible strategy adjustment as conditions change. Also, SWA are predicated upon a long term Government-funding agency commitment to achieving development objectives, reflected in joint responsibility to fulfil agreed medium and long term financing commitments.

Another strength of an education SWA is its focus on output audit rather than input accounting, whereby flexible, high volume budgetary support can be tranched against achieving agreed milestones and targets (e.g. Uganda, ESIP April Review, 1999).

BOX 19

DFID ADVISERS: IN SUPPORT OF SWA

SWA has the potential to:

- develop robust Government in terms of policy and ownership and future sustainability,
- develop sustainable growth of the education sector,
- strengthen Government macro-economic programmes, general budget preparation, expansion, auditing, accounting and expenditure systems,
- produce transparent financing and accounting systems,
- foster funding agency co-operation,
- forge partnership arrangements,
- save Government resources (time and human benefits from dealing with one group of funding agencies rather than separate funding agencies),
- meet Governmental agendas (education expansion, equity, poverty reduction, manpower requirements),
- meet funding agency agendas (poverty reduction, environmental protection, human rights, democracy, social sector improvement, decentralisation).

Source: Discussions with DFID Advisers, 1998, 1999

BOX 20

OTHER AGENCIES: IN SUPPORT OF SWA

SWA has the potential to:

- improve absorptive capacity through recognition that more aid will ensue if absorptive capacity is raised,
- develop the normative role of the Ministry of Education, leading to more professional Government,
- be relatively impervious to changes of Government,
- make funding agencies follow Government wishes through assumption of leadership by the Ministry of Education,
- appropriate a form of credit to Government in a way that is also shared with the public, thereby creating wider ownership and national pride,
- strengthen public ownership through the budget,
- give all funding agencies a voice at meetings with Government, thereby making them stakeholders,
- develop and enforce appropriate codes of conduct and memoranda of understanding,
- promote and build competency and capacity.

Source: Discussion with Aid Agencies, 1998, 1999

❒ ***Using Government Systems*** Use of Government systems is potentially more cost-efficient and inherently more capacity building than financing a proliferation of project management and implementation visits. Joint Government-funding agency review missions potentially reduce the dangers of funding agency competition and enhance cost-effectiveness in the use of Government senior management and agency advisers' time. Potentially, the percentage of costs spent on SWA development and management will be reduced significantly, particularly for high volume support programmes.

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❒ ***SWA: Potential Constraints and Risks*** Discussions with funding agency officials also highlighted a number of potential limitations and risks for education SWA [Box 21]. A fundamental concern was lack of leadership, commitment and understanding within Governments and agencies to implement broad-based reforms (e.g. some Pacific countries, Tanzania ESDP). A second concern was the dangers of over-centralisation of SWA design/planning, including 'parallel' task forces and lack of involvement of MoE line directorates and other stakeholders (e.g. Ethiopia ESDP, Tanzania ESDP). In several instances (e.g. Ghana ESDP, Thailand/Indonesia SSDP), there were concerns over weak linkage and overloading of education budgets with medium term expenditure frameworks, potentially exacerbated by inflexible funding agency programming modalities.

BOX 21

SWA: THE RISKS

If the opportunities presented in Boxes 18, 19, 20 are not realised, they will present a formidable list of risks. In addition, a number of funding agency officers considered there could be a risk to SWA if:

- weak leadership, commitment, ownership and management capacity exist at central and district levels,
- there is under-involvement of NGO and private sectors,
- funding agency groups act in an undisciplined way,
- there is a persistence of projects and a tendency to focus on inputs rather than outputs,
- education users are not consulted on the issues (especially with regard to equity and poverty),
- there are not good links between the Ministry of Finance and the Ministry of Education,
- traceability of money is subordinated to fungibility,
- World Bank continues to appear inflexible in its approach,
- information is not shared.

[The risk arising from lack of funding agency attribution, frequently cited in the literature, was not regarded as a serious matter among respondents spoken to.]

Source: Discussion with Funding Agency officers, 1998, 1999

Three main issues stand out as common concerns and potential risks covering the majority of SWA-type initiatives for education support. Firstly, there is the potential risk of *weak national institutions and capacities* to deliver programmes through central and decentralised Government systems, both technical and financial. Secondly, there is frequently a *lack of agreement on realistic and achievable performance targets*, alongside weak EMIS and monitoring/review systems. This second risk may be exacerbated by any blueprint approach that leaves less room for manoeuvre on strategic review and expenditure adjustments. A third risk appears to be *an unwillingness of some funding agencies to sign up to an education SWA* (including resistance to incorporating discrete funding agency-financed projects) for reasons of accountability.

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To summarise: the main risks are potential delay and perceived complexity. On the Government side, senior education policy-makers and managers face criticism if 'action on the ground' appears to be taking too long. The consequence could be declining commitment and confidence, especially if the 'reform group' is small. On the funding agency side, officers frequently face 'disbursement pressure' from programme managers, undermining confidence and resolve. Key risk management strategies include an effective advocacy and dissemination programme and early financial commitment (including a transitional programme), alongside pre-start up capacity building programmes at various levels. Another risk may arise if there is a failure to recognise that the SWA is an innovative process [Box 22].

BOX 22

SWA: A PROCESS - NOT A PANACEA

This extract is from a report of a recent NORAD seminar on macro-economic concerns about SWA:

"I emphasised the continuing role of incentives and sanctions ('conditionality' in old speech), to protect funding agencies when the conditions of partnership were breached. I emphasised the need to focus conditionality more on issues of process, dialogue and transparency, to ensure that there was a shared vision and commitment at the outset, but to retain sanctions for tackling in particular decisions which were corruptly taken, or taken without due observation of the agreed procedure or 'compact'. Recent cases in Ghana and Zambia showed the need for explicit agreement on the rules of the game and the dispute resolution process.

"Some good questions ... focused on whether weak *initial conditions meant we should not try sector programmes*: [our emphasis]. I argued we should look for a process of change, which becomes closer to a full SIP as capacity develops. There was agreement on the need to deal with macro issues alongside sector specific ones, and on the need for incentives and sanctions on both sides, although we agreed it is difficult to impose conditions on the funding agencies. Concerns about visibility of each funding agency's support could be handled with careful presentation, highlighting the attractive sector-wide goals (e.g. we are helping to halve infant mortality), and making a virtue of working alongside other partners towards a common purpose. Others stressed the importance of bolstering the poverty content of sector programmes, and the need to ensure consistency with macro budgets and reform process."

Mick Foster, 12 February 1999
Africa Economic Department, DFID

Source: Foster, 1999

❒ ***Raising Potential*** Foster's summary points (Box 18) and analysis (Box 22) bear re-emphasis. The potential benefits from adopting an education SWA lie in the recognition of willingness by Governments and funding agencies to engage in a two-way process that demonstrates the following attributes:

- Shared vision, commitment, confidence and trust through dialogue, transparency, accountability and explicit agreement about joint undertakings and the 'rules of the game';
- Internalisation of external influences, particularly macro-

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economic factors;

- Flexibility, particularly in programme design, work planning, budgeting and budget support;
- Output auditing rather than input accounting;
- Consistency with national goals and broader reform processes (such as decentralisation, civil service reform and restructuring).

Many of the characteristics of this process underpin the principles of partnership within a SWA and are re-visited in the next chapter.

6 NEW GOVERNMENT - FUNDING AGENCY PARTNERSHIPS

- ***Transition towards SWA*** There appear to be three broad phases in formulating an education SWA. The first phase is when Government/funding agencies jointly sign up to broad education development targets (e.g. OECD/DAC) as a basis for loosely guiding development assistance. At present, this phase is exemplified by the prevalence of basic education support programmes. The main motivation is to try to make education support more pro-poor and improve the efficiency of education assistance programmes. This loose SWA arrangement may raise few funding agency tensions although, increasingly, Governments express the view that the intense focus on basic education does not always reflect their own overall priorities.

  A second phase is broadly when Government and funding agencies jointly agree a broad education policy and strategic framework led by the Government. This SWA framework arrangement allows for different financing modalities, continued funding agency attribution of their activities and a mix of budgetary support and project aid mechanisms. The main difference from the first phase is that the framework confirms a joint Government-funding agency agenda rather than Government and individual funding agencies following their own separate agendas. Tensions and stand-offs can begin to emerge unless differences in priorities can be resolved through effective negotiation mechanisms

  The third phase constitutes a SWA operational programme with common agendas, common operational instruments, common management arrangements and jointly agreed strategic negotiation mechanisms. In particular, this third phase is characterised by a jointly agreed common work programme. At this stage, the potential for growing Government/funding agency and inter funding agency tensions increases as funding agency attribution is eliminated and individual funding agencies become obliged to change their ways of working. In particular, issues of control over the use of resources (e.g. earmarking) and lack of trust in Government systems become more prevalent. The critical issue is what actions to take (e.g. negotiate or withdraw) if these difficulties cannot be resolved.

  This study has reported that countries moving towards a SWA are at varying phases in developing Government/funding agency partnerships (sometimes overlapping between the three phases). The critical issue will be to formulate mechanisms and processes that make these partnerships more effective. As the health SWA international technical working groups (ITWG) highlight, "it is unlikely they can be accommodated in a single partnership agreement. It is easier to think about several agreements serving a somewhat different purpose" (Cassels, 1997). The type of agreement

will necessarily vary according to the phasing of SWA formulation and country situations. Box 23 outlines some of the types currently to be found.

BOX 23

DIFFERENT FORMS OF FORMAL PARTNERSHIP AGREEMENTS

- A **Statement of Intent** to proceed with sector wide approach (e.g. Ghana, Indonesia, Mozambique)
- A **Collaborative Programme of Work**, which will include annual agreements on performance objectives and milestones for each of its main components (e.g. Ghana, Tanzania, Uganda)
- A formal **Memorandum of Understanding** between partners entering into common management arrangements
- An agreed **Code of Practice** to cover more general issues relating to the behaviour of funding agencies and Government, which are not included in the specific memorandum of understanding (e.g. EU Horizon 2000, Draft Ethiopia ESDP/PAP)

Source: based on Cassels, 1997

❒ ***Statement of Intent*** In many cases, Government and funding agencies initiate the SWA process by preparing a *Statement of Intent*, usually at an informal meeting or during round table discussions. Examples include the Tanzania ESDP pre-appraisal exercise (1998), Ethiopia ESDP joint consultations (1998/99), Cambodia ESIP round table (1995) and similar processes in Mozambique, Zambia and Nepal. The purpose is to proceed towards a SWA by providing a high level signal of intent to Government. Surprisingly it appears that only in Tanzania and Cambodia, has a formal signing up to an SWA type approach taken place. To avoid confusion (and/or rumour) and to ensure the inclusion of the major multi-lateral lending banks, it is advisable that a *Statement of Intent* is completed as a jumping off point for the later phases.

❒ ***Collaborative Programmes of Work*** A survey of available literature indicates that the formal preparation of collaborative programmes of work is somewhat patchy. In Tanzania, Uganda and Ghana, work plans have been formally prepared, approved and published. In other cases (e.g. Mozambique, Nepal, Zambia, Cambodia, Thailand), the process appears to have been much more informal with consequent uncertainties over the extent of acceptance. In Ethiopia, a programme of work is implied in the ESDP action plan and agreed joint review missions (JRM) and the annual review mission (ARM) exercises. However, without a publication of a work plan there is always concern that the reality may not match the rhetoric.

One lesson learned is that it is helpful and more effective in the long-term if the design of the work programme is a multi-funding agency financed exercise. There is a danger that if only a small number of

funding agencies support the planning process, suspicions may arise among stakeholders (whether Government or other funding agencies) that individual funding agencies are driving their own agendas. Particular examples include Ethiopia ESDP (World Bank), Tanzania ESDP (EU/DFID), and Cambodia BESIP (Asian Development Bank) and Nepal BESIP (DANIDA). The critical issue is not which funding agencies actually finance technical assistance, but that there is seen to be transparent sponsorship of the process by Government and, preferably a large number of funding agencies. Box 24 gives examples of multi-funding agency support.

BOX 24

MULTI-FUNDING AGENCY TA FINANCING: TWO EXAMPLES

Cambodia:
Over 1995-1998 the BESIP management/monitoring unit received multi-funding agency support:

Management and Organisation	supported by ADB
Aid Policy and Strategy	supported by EU
Programme Design/Appraisal	supported by JICA
Aid Finance/Planning	supported by AusAid
Sub-Sector Programme Planning	supported by French Aid

Uganda:
Following identification of needs by Government, five full-time TA posts will support ESIP:

Monitoring and Evaluation	supported by DFID
Financial Planning and Management	supported by Irish Aid
Statistics and EMIS Preparation	supported by EU
Institutional Development	supported by Netherlands
Programme Planning	supported by JICA

A critical component of work collaboration is a joint appraisal exercise or review mission by Government and funding agencies. Periodic appraisals/reviews shape the agenda for future programmes of work and the setting of milestones and performance targets. Once again it is important that the terms of reference and anticipated outcomes of appraisal/review missions are shared by all stakeholders to avoid misunderstandings that the exercise is being driven by single or small group funding agency interests and disbursement pressures. A very important signal is that Government is seen to be in the 'driving seat' of these appraisal exercises.

- ***Memorandum of Understanding*** A *Memorandum of Understanding* (MoU) moves the process forward towards a much tighter operational instrument. Key components of a MoU are outlined in Box 25. Amongst education SWA, there do not appear to be any examples of a tight, commonly agreed operational approach and in many cases (e.g. Ethiopia, Uganda), SWA often move into implementation without a MoU. The best example is probably the health SDP in Zambia. The various forms of SDP appraisal and partnership documents under the ESDPs in Ghana, Tanzania,

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Uganda, Mozambique and Zambia could quickly be converted into MoUs. Similarly the Programme Action Plan (PAP) and Programme Implementation Manual (PIM) under the Ethiopia ESDP also represents a useful basis for MoU preparation. Nevertheless, a precondition would appear to be formal signing up to a collaborative work programme.

BOX 25

MEMORANDUM OF UNDERSTANDING: KEY COMPONENTS

- *Education Sector Financing* (eligible expenditures, Government/ community contributions and budget shares, funding agency commitments, sector policy and spending review mechanisms)
- *Disbursement Mechanisms* (funding agency fund channels, common accounts, frequency of tranching, reporting procedures, proportion of funds through Government channels, audit procedures)
- *Procurement Systems* (country solutions, resolution of tied aid problems, procedures for tender and award of contracts)
- *Negotiation/Review Mechanisms* (negotiation mechanisms when circumstances change, links between annual review and budget process, annual performance review procedures)

Source: Derived from Country ESDP/ESIP Documents, 1999

❒ ***Codes of Practice*** Formulating Codes of Practice reaches the heart of effective development partnerships. In the past, the tendency has been for funding agencies to use aid resources as conditionalities and leverage. An effective partnership will involve mutual recognition of each other's limitations and strengths. For example, funding agencies need to recognise the various national influences on sector priorities (especially the influence of well-connected, higher education officials), resource limitations and capacity building gaps. As the health ITWG points out, a key test of funding agency commitment to SWA is a willingness "to achieve their influence through dialogue, negotiation, transparency and, only at the last resort, through financial or political muscle". Box 26 outlines the key components of a Code of Practice. Box 27 is a Code of Conduct designed by EU that is already subscribed to in various forms in a number of countries.

BOX 26

TOWARDS A CODE OF PRACTICE : KEY COMPONENTS

- Handling disagreements
- Appraisal, planning and review missions
- Planning cycles and a phased approach to common funding
- Focusing policy negotiations
- The role of consultants and technical assistance
- Staff time and continuity
- Funding agency co-ordination

Source: Cassels, 1997, Gould, Takala and Nokkala, 1998

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BOX 27

CODE OF CONDUCT FOR EDUCATION SECTOR FUNDING AGENCIES

1. Ensure information on all relevant interventions in the sector (including consultancies, new project and programme initiatives, requests for assistance made by Government, project appraisals, implementation and progress reports, technical assistance reports, evaluation reports) are made available to Government and other funding agencies.
2. Strictly adhere to agreed maximum national/regional rates regarding remuneration and allowances for civil service employees agreed by funding agencies, remuneration of national consultants, payments for conferences, etc. Avoid *'buying out'* civil servants for private funding agency consultancy and work towards eventually decreasing the imbalance between national and expatriate salaries and allowances.
3. Ensure that Technical Assistance:
   - is driven by Government priorities and absorption capacity, normally in response to the initial draft Terms of Reference that are normally provided by the Ministry of Education (MoE);
   - reports primarily to Government managers;
   - supports Government institutional capacity by focusing on skills transfer to civil servants in priority Government functions,
   - is not restricted to supporting individual funding agency projects or programmes;
   - gives preferential treatment to national and regional consultants;
   - ensures that expatriate assistance (when required) is complementary to and develops national and regional capacity and expertise.
4. Actively encourage national consensus building processes and support local co-ordination mechanisms (to encourage Government ownership and use as a means of exploring further options and modalities of support).
5. Work towards:
   - using the financial, procurement, monitoring and reporting procedures and guidelines which obtain in the MoE;
   - following the Government fiscal year and procedures for progress reports, financial reports and audits;
   - pooling resources for specific components of the education sector in anticipation of moving towards general budgetary support, once appropriate mechanisms for reporting and financial management are in place;
   - harmonised reporting procedures.
6. Work through existing structures in order to ensure maximum integration in MoE policy.
7. Ensure effective communications between the local funding agency offices and MoE.
8. Work towards joint appraisal missions, joint monitoring, joint auditing and evaluation, in accordance with the Government budget cycle and fiscal planning.
9. In consultation with the Government, schedule missions to fit the Government/MoE timetable and be at a level that is manageable and not intimidating for Government.
10. Secure integration of gender aspects into any mission, study or related activities and gender expertise where needed. Secure integration of environmental aspects where appropriate into education-related activities.

Source: EU, 1998

A lesson emerging from education SWA is that it is takes some time for Governments and development partners to come to terms with new forms of negotiations and handling disagreements. In the past, the relationship was largely framed within bilateral conditionalities

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on Government, whereas a SWA pre-supposes joint undertakings with shared responsibility for achieving outcomes. The main areas of disagreement focus around the linkage between policies and spending plans, especially avoiding unrealistic targets and recurrent budget expectations (e.g. Cambodia ESDP). A second area of disagreement is the viability of common management arrangements (especially financial management/reporting), exemplified by ongoing debates in the Tanzania and Ethiopia ESDP.

There is no easy resolution of these disagreements. One way forward is to allow short-term continuation of parallel managed project assistance against an agreed timeframe for phasing out. Another solution (as adopted under the Nepal BESIP and Ghana ESDP) is to gradually channel increased amounts through Government system, making continuous judgement on the robustness of the system. The three-channel system under the Ethiopia ESDP represents a similar approach. The challenge to funding agencies is to define minimum accepted standards of management/reporting in advance of annual negotiations. Ultimately, if these minimum standards cannot be negotiated and fulfilled, there may be instances where funding agencies may decide to withdraw from ESDP/ESIP developments. Al-Samarrai, Bennell and Colclough clearly spell out the current uncertainty regarding this issue [Box 28].

BOX 28

SWA TO EDUCATION : SOME CHALLENGES

" ... the increased use of sector wide approaches will involve some shift in funding agency transaction costs, away from project administration towards achieving greater aid co-ordination. Since the introduction of joint-financed programmes is presently judged to be desirable [...], it is likely that new uncertainties for programme delivery will be generated by the participation of other agencies, each having their separate sets of interests and constraints."

" ... new challenges are implied for the task of monitoring and evaluation. ... [The] task of identifying the impact of contributions from an individual funding agency becomes almost impossible. All the agencies providing system-wide funding must, by implication, become content with system-wide monitoring. Whether this will satisfy the accounting and auditing requirements for the use of aid funds remains for the present, uncertain."

Source: Al-Samarrai, Bennell and Colclough, 1998

Education SWA are already having significant impact on the structure and outcomes of appraisal and review missions. The frequency of missions by individual funding agencies is declining and being replaced by multi-funding agency annual review processes, exemplified through the JRM/ARM in Ethiopia, pre-appraisal/appraisal exercises in Tanzania, bi-annual reviews in Uganda and annual education roundtable/review exercises in other parts of Africa and Asia. It is becoming clear that these exercises will only be effective if Government/funding agencies agree the anticipated outcomes in advance, especially avoiding perceptions that such meetings are only 'concerned with funding agency pledging'. Secondly there needs to be a common understanding of the

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information to be presented by Government in advance, highlighting the importance for early strengthening of education performance monitoring systems.

❒ ***Strengthening Field Monitoring Systems*** It is becoming clear that the move away from project assistance towards SWA represents significant risk but also substantial opportunity. The partnership arrangements will involve complex and subtle judgements on the macro-economic situation, leadership potential and commitment, capacity assessments and financial and technical progress being made. These negotiations will involve building up trust with key national players and influencing events in subtle ways through sharing of ideas and experiences. This argues for careful building up of in-country capacity and continuity for monitoring ESDP/ESIP progress.

Assessments by the World Bank indicate that SWA staff workloads are far greater than in project support design. It is estimated that a SWA initiative will involve staff in workloads of 25 to 30 weeks per annum compared to half that for project assistance. In addition, the ongoing monitoring workloads are significantly greater, alongside the need for staff continuity and consolidated country experience.

Opportunities for posting technical advisers in education ministries and/or in aid management offices are worthy of examination. There can be advantages and disadvantages in doing this. There is growing evidence that the critical factor is not location but the ability to network effectively with Governments and funding agencies, to build up trust and contribute effectively to the ongoing negotiations and debate. These social/technical skills, especially an understanding of the process of policy/strategy development, need to be central to recruitment/selection policy. There is a danger that appointing personnel with a project management background could be counter-productive. If technical personnel are to be effective, they need to be able to leave some of their old baggage behind and change any mind-sets they may have.

❒ ***Technical Assistance: Roles and Management*** The shift away from project assistance has significant implications for the role, skill-mix and management of technical assistance. Project aid created a tendency towards funding agency client centredness, a focus on narrow technical specialisms (as opposed to broader sectoral analysis) and a culture of immediacy where quick-fix inputs took priority over longer-term sectoral development. Another consequence was the absence of a formal reporting and management channel within the Government system. As a result, there sometimes has been a degree of mistrust within Government of technical assistance, perceived to represent the interest of the funding agency rather than the recipient.

Education SWA represent an opportunity to eliminate funding

agency attribution of consultancy and technical assistance support, especially foreign consultants. One approach is to set up pooled funds for TA, managed by Government with jointly agreed procurement arrangements. To a degree, this was attempted under the Tanzania ESDP but floundered on continuing suspicions amongst Government and other funding agencies that the process was being driven by one agency's interests. A second concern is the capacity of some Governments to manage TA effectively, especially transparent selection and recruitment of best-qualified personnel.

Growing evidence points to the importance of continuity in any consultancy support programme. Continuity provides an opportunity to reinforce a climate of trust, secure collegiality between Government technical staff and consultants, alongside creating confidence amongst other stakeholders with regards to independence and quality of advice. This can be helped if a number of funding agencies jointly sponsor a consultancy support programme [Box 24].

Government leadership and management of consultancy support programmes have implications for the relationships between consultants, technical advisers in aid management offices and funding agency professional advisers and programme managers. Under project aid, advisers could largely overrule consultancy advice that did not comply with funding agency positions. Under these new arrangements, Government is entitled to accept and use consultancy advice (financed by funding agencies), which may not be consistent with the funding agency position. This situation becomes simply one of transparent dialogue and negotiation. In these situations, it is critical that funding agencies provide the breathing space for consultants to provide independent advice, including avoiding the creation of parallel communication channels between the agency and the consultant.

It is becoming increasingly evident that the shift towards ESDP/ESIP is placing a premium on policy/strategic analysis and capacity building assistance. In the longer-term, as strategic negotiations and performance review exercises consolidate, there will be a further premium on technical assistance that can facilitate this process. These changes have implications for the sourcing of appropriate support for SWA formulation. It is likely that traditional sources of technical support (e.g. university education departments, education authorities, project management firms) will be supplemented by other sources such as specialist consulting firms, international accounting groups and broader development institutes. International accounting firms (most of which have a locally-based management consulting expertise) represent an under-developed resource, with the ability to offset frequent Government anxieties over large numbers of foreign consultants.

Traditionally under British project aid, a large proportion of the consultancy support has been managed by managing agents. Much of these agents' expertise centres around recruitment of narrow, technical skills and project management experience. If pooled TA

funds, common procurement arrangements and Government management of TA develop, the need for traditional management agent functions may decline. There is a danger that managing agents (especially those associated with a particular country) may recreate perceptions of control and, as with the funding agencies themselves, this might raise questions about consultant loyalties. Such a situation would call into question the Government as client and the kind of accounting procedures that a SWA seeks to develop.

TA management functions need to be linked to assurances that the Government is the client, alongside transparent recruitment and accounting procedures. In the near future, managing agents could fulfil a significant role in building up Government's capacity to manage and monitor consultancy/TA support programmes, including establishing databases and selection/performance monitoring procedures.

❒ ***Partnership Principles*** The foregoing pages indicate that partnerships within an education SWA should be based on the following principles:

- A shared vision;
- Commitment to the process;
- Mutual confidence based on strong leadership from Government and openness between partners;
- Mutual trust (that may be strengthened by formal signing up agreed procedures);
- The subordination of external agendas to the specific in-country agenda;
- A coming to terms with what strategic negotiation actually means in practice;
- The use of processes that facilitate the transition from a loose agreement to common development agendas, tighter operational instruments and conflict resolution (typically through in-country discussions, Government-funding agency consultative groups, periodic planned reviews and, initially, the use of instruments such as Statement of Intent, Memorandum of Understanding, Collaborative Work Programme, Code of Conduct as in Boxes 25, 26 and 27).

The above list is not exhaustive; it could well be augmented in line with the characteristics listed at the end of Chapter 5.

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7 SECTOR WIDE APPROACHES TO EDUCATION: LESSONS LEARNED

❒ ***Historical Perspectives*** It bears re-emphasis that education SWA in the context of this study[1] are in their infancy. Documentation review suggests that of countries currently receiving external support to education, there are about 25 – 30 instances of SWA (e.g. SDPs/SIPs), mainly in Africa and Asia. The experience recorded in recent reviews suggests that the design and planning phase of a SWA type sector support programme can take two to three years. As a result, virtually all of the present examples and case studies are in the design/planning phase. There is therefore little experience of actual implementation of education SWA. The lessons learned and case study reviews therefore largely focus on design and planning issues. Where possible, potential implications for management and monitoring of the implementation phase will be highlighted.

[1] *In richer countries, education development generally evolves through a sector wide approach controlled by principles of good governance, transparency and accountability. Penrose (1998) also reminds us that there are many examples of international provision of programme and characterised by budget and balance of payments supports that predate project aid. Therefore, to argue for a SWA is to argue for practices that have been and still are in operation in many places.*

❒ ***Enabling National Ownership/Leadership*** A lesson emerging from SWA development is the critical importance of national Governments owning and leading the process, alongside well-articulated sector policies/strategies and adequate programme management capabilities. Strong personal engagement of senior officials (e.g. Minister of Education, Permanent Secretary, Ministry of Finance, Local Government) is an absolutely necessary ingredient. Education ministry leadership, without finance ministries' support, appears insufficient, especially in situations where there is regular turnover of ministers of education.

Preliminary evidence suggests that to date the level of ownership and leadership in ESDP/ESIP development has been variable. In some countries (e.g. Ethiopia, Cambodia, Mozambique, Uganda), leadership has been reportedly strong. In others, leadership has been more patchy (e.g. Ghana, Nepal, Tanzania), due in part, to lack of real commitment to reform and changes in top management. Sometimes the need to convince the leadership of reform has created a slowdown in implementation. Nevertheless, in the long term, strong commitment should benefit effective programme implementation.

Experience indicates that it is worth waiting for senior management to internalise the SWA process before rushing to acceptance and/or implementation [Box 28]. There are dangers for national ownership and leadership if this is not done [Box 29]. There may also be risks to ownership and national commitment from high volumes of

external technical assistance during SWA design and development.

BOX 28

INTERNALISING THE SWA PROCESS

The Uganda ESIP was developed over a period of eighteen months from May 1997 to November 1998 by senior Ministry planning officers in wide-ranging discussion and collaboration with Governmental and non-Governmental stakeholders. Towards the end of this period it was decided to call a retreat with funding agencies; a meeting of Top Management was called to discuss preparations. The meeting included several prominent but very recently appointed actors: the Minister of Education, two Ministers of State and the Permanent Secretary. It was quickly realised that the Ministry would not present itself well to external agencies until it had 'internalised' ESIP, so, under instructions from the Minister, members of Top Management were instructed to read, understand and thereby own the policy framework. This quickly took place and the internalisation process is now seen as a turning point in taking forward ESIP. The word 'internalise' has now become part of the lexicon at senior levels in the Ministry.

Several lessons can be learned on nurturing leadership and commitment. Firstly, informing senior leadership of the benefits of reform and successes elsewhere (e.g. via EU Horizon 2000 Consultations, African Ministers of Education Meetings) can reinforce commitment and understanding. Secondly, information exchange via regional political/policy networks (e.g. regional development banks, UN and other multilateral organisations) could be nurtured. Thirdly, it is critical that funding agencies nurture trust at senior Government levels and avoid perceptions of 'crowding' Government, especially bilateral agencies that rightly or wrongly are often perceived as having particular agendas.

BOX 29

TANZANIA ESDP: LOST LEADERSHIP?

In 1996 and 1997 the Tanzania ESDP showed signs of being a strong case study for Government-funding agency partnership processes. A common SDP work programme was designed and jointly endorsed at a 1997 conference. Following a pre-appraisal exercise in early 1998, many funding agencies signed up to a SDP partnership paper outlining the rules of engagement. Twelve months later, implementation has yet to begin. What went wrong?

Evidence points to uncertain ownership and leadership within the education ministry. The Minister's involvement had been intermittent with limited funding agency engagement. Government-funding agency meetings were often chaired by mid-level technical staff. Consistency in leadership was undermined by turnover in policy-making staff. Potential champions of reform were increasingly marginalised as vested interests recognised the impact of reform. Hard decisions on teaching service rationalisation, secondary education financing and standards setting and regulation were sidelined.

Lack of internalisation and engagement has been compounded by a "parallel" SDP planning/management process which largely marginalised line directorates.

❒ ***Community Consultation*** It is generally the case that SWA planning and design have mostly arisen from negotiation and planning at

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central levels, involving key central players. In several instances, it is reported that ownership and understanding at lower levels (e.g. regional authorities in Ethiopia, district/community groups under Tanzania ESDP, Pakistan SAP, Cambodia ESIP) is limited. In Mozambique ESSP and Uganda ESIP, community consultation has been slightly more extensive. Nevertheless, many NGOs and other community based organisations (CBO) have commented that the SWA seems to be driving them out; this often seems to be the case at planning stage. Whether or not these limitations will be overcome at the implementation stage remains to be seen. On a more positive note, there does appear to be increased consultation with NGOs/CBOs during country programming missions (e.g. ADB, DFID, World Bank) and a growing tendency to place NGO co-ordinators in agency field offices (e.g. DFID, East Africa).

Without wider consultation, there is a danger that the views of key stakeholders will be missed, critical barriers to service delivery overlooked and opportunities to 'crowd in' community and other NGO providers missed. There is certainly scope for CBO and NGO participation during SWA implementation. One necessary action is to include community mobilisation and effective information exchange (e.g. community meetings, newsletters, etc.) at the design stage [Box 28]. This was an early feature in Tanzania but was not followed through [c.f. Box 27].

BOX 30

SWA TO EDUCATION: COMMUNITY CONSULTATION AND RESEARCH

Do ESDP plans reflect the real priorities of community groups, especially disadvantaged groups? The conventional wisdom that poor communities value education as a vehicle for poverty alleviation can be challenged.

Community consultation and participatory research can help illuminate key issues:

- What are the key barriers to access to education services facing specific groups?
- How do communities judge the value and quality of services?
- Will proposed policy changes have the effects intended?
- What are the real priorities of the poor in education service provision?
- How can the range of service providers be optimised?

Source : Norton and Bird, 1998

❒ ***Analysis of Policy and Strategy Requirements*** At the risk of over-simplifying what happens in practice, it is possible to divide the policy and strategic planning processes and outcomes in SWA into two broad categories. One approach, typically evolutionary and flexible, (e.g. Pakistan SAP, Thailand/Indonesia SSDP, Uganda ESIP) focuses on setting broad policy and strategic targets with strong linkage to resource envelopes and the budget process. A second approach, based on a blueprint design, is perhaps more suited

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to a sub-sectoral programme (e.g. Nepal ESIP) and essentially treats the sector or subsector as a project with pre-defined activities and inputs. The latter appears to leave less scope for evolution and adjustment of policy and strategy and undermines the case for flexible budgetary support instruments.

In practice, however, as was argued in Chapter 3, many SWA have characteristics of both the evolutionary and blueprint approaches (e.g. Ethiopia ESDP). It is therefore probably too early in the development of SWA to attempt any rigid classification of approaches; indeed, as countries develop their own contingency models, such a classification is probably unnecessary.

A broad feature of many of the ESDPs/ESIPs is the absence of a long-term strategic vision, e.g. to consider processes and targets beyond the achievement of UPE. There are certain dangers in having no long-term ESDP perspective plan. In particular:

- long-term financing implications over a 10 – 20 year period are rarely addressed;
- reduction of any incentive to examine long-term resource utilisation strategies (e.g. teacher/classroom deployment policies);
- reinforcement of a tendency to set unrealistic policy goals and time frames;
- budgets tend to be based on incremental changes derived from historic patterns.

The critical lesson to be learned is to invest greater time and effort in formulating a sustainable policy and strategic framework, taking account of long term projections of available resources and proposed institutional changes. This argues for greater policy and strategic dialogue at design stage, including clear priority setting, clear definition of anticipated long-term outcomes, clear sequencing and, most importantly, avoidance of a restrictive blueprint. With regard to the latter point, there is a danger that a blueprint approach will reinforce a tendency to focus on short-term improvements (which may not be sustainable) and input accounting, rather than output audit. In essence, a rigid short timeframe blueprint approach (characterised by formulation of master plans, rather than strategic frameworks) could end up reinventing the project approach in a different guise.

Box 31 contains perspectives on some of the concerns expressed in the preceding paragraphs.

BOX 31

SWA POLICY AND STRATEGY

- "Focus on vision not blueprint; policy and programme need to evolve with a clear link between strategy, resources and budget process."
- "Need for sound Ministry of Education/Ministry of Finance dialogue on medium-term expenditure frameworks and forward budget plans."
- "Concern that World Bank disbursement processes and blueprint design are dictating the SWA process."
- "Don't look at educational issues in isolation; education needs to fit within the broader public expenditure review framework".
- "We need to encourage a long-term strategic view, including closer co-operation between MoE and Planning/Finance Ministries"
- "We need to think in terms of the global situation, a 30-year time frame and to answer the question, 'Where do we want to be in 10 years time?'"
- "Greater attention needed to cost analysis in SWA, including clear definition of the role of Government, communities and funding agencies in financing services"
- "Too much attention to resource shifts (e.g. salary/non-salary, primary/ tertiary), too little attention to service delivery constraints and incentives"

Source: Interviews with DFID Advisers, October 1998

❒ ***Design and Planning Structures: Strengths and Limitations*** One fundamental issue concerns the most effective management systems for both SWA design and its implementation. A number of approaches have been adopted. One response has been to form parallel management systems for the design phase[2] (e.g. sector management teams, Tanzania; technical working groups, Uganda, programme management unit, Cambodia, etc.). This has been normally linked to various forms of steering committees and review groups. A second approach (Ethiopia, Ghana, Mozambique, Nepal, Zambia, and, more recently, Uganda) has been to integrate ESDP/ESIP planning (and implementation) processes into the regular, routine functions of the MoE. This leads to a more effective way of working, particularly during implementation.

[2] *Note: These parallel management systems should not be confused with the Education Sector Co-ordinating Committee (Fig 4.1) which plays a central co-ordinating role for the various stakeholders involved (Ministries, NGOs, Funding Agencies).*

A common outcome of the first approach has been lack of ownership and commitment within line MoE directorates and lack of effective linkages with finance and local Government ministries planning structure. Line directorates can feel marginalised and become resistant to change, unless there is strong senior leadership. A second common outcome has been a tendency to proliferate parallel staff incentive packages, similar to PIU arrangements. The second approach appears to be more effective in ensuring broad ownership of the ESDP/ESIP planning process as long as the respective planning directorates and management groups are not overloaded by additional work.

The broad lesson learned is that SWA design/planning processes

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need to be institutionalised within existing organisational structures. To be most effective, there needs to be a clear delineation between long-term strategic planning and day-to-day operational planning within line directorates. The challenge will be to reorient line directorates (e.g. primary, secondary, etc.) to see planning rather than management and administration as a core function. A second challenge will be to avoid strategic planning units being relegated to short-term project or programme planning and administration functions.

A second lesson to be learned is that far greater attention needs to be paid to integrating MoE organisational reforms (including planning and design functions) into broader civil service reform (CSR) programmes. CSR initiatives, especially encouraging line ministries to focus on policy and monitoring functions rather than traditional management and administration, can provide the impetus for necessary planning reforms. A broad characteristic (e.g. in Zambia, Tanzania) has been significant education ministry resistance to central organisational change. Alternatively, even where changes have been agreed as necessary, unforeseen delays can arise from putting them into operation (e.g. ministry restructuring in Uganda).

- ***Institutional Reform and Capacity Building*** International development experience suggests there are always dangers in creating new institutional structures in order to manage and implement reforms effectively. This is as much a concern in ESDPs/ESIPs as in project or programme aid approaches. In order to avoid dangers of organisational duplication or replication, it is critical that institutional reform and capacity building objectives, targets and processes are built in to the design and planning stage of education SWA, including strong linkages with local Government reform programmes.

  In terms of SWA, institutional development needs to focus on three main issues:

  1) Government capacity to lead the sector development processes, including strategic analysis and budgetary/financial analysis;
  2) The creation of structures, systems and incentives in both public and private sectors, to manage and deliver education services;
  3) The establishment of management systems, both within Government and funding agencies, which facilitate common management systems, through Government processes and procedures.

  The review of ESDPs/ESIPs gives a somewhat mixed picture on these institutional/capacity-building considerations. In some cases (e.g. Tanzania ESDP, Uganda ESIP, Ghana ESDP), capacity building plans appear central to the overall reform process. In other cases (e.g. Ethiopia ESDP, Pakistan SAP, Nepal/Zambia ESDP), capacity building objectives and strategies are less clear. The lack of clarity is due in part to a lack of consensus between Governments and funding

agencies on the extent to which Government systems (particularly financial management/reporting/audit) can be trusted. A second constraint arises out of uncertainties over the longer-term directions of public/private partnerships in the financing and management of services, particularly for secondary and higher education. A third constraint is lack of clarity on a stratagem for effectively involving civil society in the planning and management of sector reform programmes.

The critical lesson learned is that institutional development and capacity building need to be central to SWA planning and design; it should not be an afterthought. In particular, Governments and funding agencies need to agree on the broad guiding principles and policies of SWA institutional development and to take a broad comprehensive view, beyond simply organisational re-equipping and staff training [Box 32]. Institutional development and capacity building targets and outcomes need to be incorporated into SWA planning, alongside the traditional setting of education access, quality and efficiency objectives and targets.

BOX 32

CAPACITY BUILDING IN SWA: SOME GUIDING PRINCIPLES

- Negotiated agreement on building up and trusting in Government's own systems, including any necessary interim measures and time frames
- Clearly specified levels of delegated authority at central and lower levels of the system, including associated capacity building measures
- A greater focus on organisational processes and information flow systems, rather than simply organisational restructuring and re-equipping
- Clear plans for organisational and individual reward and incentive systems, linked to broader civil service reform policies
- Setting of clear capacity building targets and outcomes linked to agreed mechanisms for their regulation, management and monitoring
- Making standard setting and regulatory and quality assurance frameworks central to capacity building and broader governance development

Source: derived from Cassels, 1997 and EU Horizon 2000, 1997

A third lesson is that pro-active mechanisms need to be established to ensure that institutional reforms remain central to SWA planning. It also needs to be recognised that education ministries alone cannot implement many essential policy and institutional arrangements (e.g. managerial decentralisation, accounting reforms, and staff incentives). Ensuring that these institutional reforms are supported by other parts of Government is critical to the SWA design and appraisal process. Accordingly, existing steering and management committees (e.g. central steering committees, Ethiopia ESDP, education sector co-ordination committee, Tanzania ESDP, Mozambique ESSP) need to be not only broadly representational but also proactive in addressing and managing crosscutting institutional reforms. Strengthening the capacity of these inter-ministerial steering committees is critical for SWA institutional reform objectives.

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❒ ***SWA and Decentralisation*** In many of the countries adopting education SWA, various forms of decentralisation are in process. In larger federal countries (e.g. Pakistan, India, Ethiopia), this amounts to direct political decentralisation. In smaller countries (e.g. Tanzania, Uganda), managerial decentralisation is ongoing. A potential difficulty is that block grants to lower levels of the system may not be allocated according to proposed SWA priorities. At the same time (e.g. in Ethiopia ESDP), central earmarking of funds and by-passing middle levels of Government (e.g. states in a federal system) makes sector-wide planning problematic and potentially undermines local autonomy.

The solution may lie in negotiated agreements (including poverty and needs-linked resource allocation formulae) between central and local authorities. A second solution may be early design and start-up of financial channelling and tracking systems (linked to a combination of conditional and unconditional grants) acceptable to both Government funding agency authorities. A critical debate is whether funding agency assistance for capacity building, often with large technical co-operation (TC) inputs for local Government reform initiatives, should be located in the education ministry or Local Government ministry as a support component for education SWA. An associated issue is whether technical assistance funds should be channelled through Government systems, with appropriate earmarking at regional/provincial/district levels. Box 33 indicates other possibilities that are currently in operation.

BOX 33

POSSIBLE RESPONSES TO SWA/DECENTRALISATION CONCERNS

- Earmarking funding agency support programmes, both recurrent/development, channelled through finance ministries (e.g. Channel I/II Ethiopia ESDP)
- Setting up systems of conditional recurrent/development grants (e.g. Uganda ESIP)
- Establishing effective negotiation mechanisms between federal/regional and regional/provincial levels for block grant allocation (e.g. Vietnam)
- Negotiating poverty and performance/needs based regional/provincial resource allocation formulae (e.g. Ethiopia, Vietnam, Tanzania)
- Establishing regional/provincial/district managed capacity building funds, channelled through central ministries(e.g. Indonesia SSDP)
- Channelling capacity building funds direct to lower levels, outside the Government budget, essentially as a traditional TA project/programme

Source: based on Cassels, 1997, EU Horizon 2000, 1997, Gould et al, 1998

❒ ***Strengthening SWA Finance/Budget Planning*** A major weakness of many sector-wide developments has been the absence of a clear medium term expenditure framework (MTEF), including education-spending projections. This situation is often exacerbated when finance ministries and funding agencies are reluctant to make long-

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term financial commitments. A further complication arises if levels of support are directly related to sector performance. Informants pointed to the lack of clear linkage between SWA strategy, resource availability and the budget process as a primary fundamental concern. Recent PER exercises (e.g. Tanzania, Ethiopia, Uganda) reflect these concerns [Box 34]. In contrast, in countries where SWA are beginning to be implemented successfully (Ghana and Uganda), the MTEF is central to the process.

The critical lesson learned is that ESDP/ESIP financial planning cannot be conducted in isolation. A key constraint on improved finance/budget planning is the frequent absence of high-level finance/budget analysis and planning capacity within both finance and education ministries. This situation is exacerbated in federal states where such capabilities at regional/provincial levels tend to be weaker. In education ministries in particular, these limitations undermine effective advocacy and dialogues with finance ministries.

BOX 34

PUBLIC EXPENDITURE REVIEWS

"If Government has no effective framework that establishes consistency between its stated sector policies and the medium term strategy for public expenditure, the commitments regarding future financing of the sector lack any solid foundation [...] Overall budget strategy becomes driven more by funding agency reaction to shortfalls in counterpart funding commitments than by any long-term view."

[Tanzania PER, 1998]

"There remains the need for better co-ordination and synchronisation of the ongoing activities by the authorities on the implementation of a medium-term expenditure framework, public investment programme and the sector development programmes [...]. The role of increased private sector participation in the SDP sectors need to be assessed on a continuing basis."

[Review of Public Finances, Ethiopia, 1998]

"Budget and release of funds will be in line with the rolling medium-term expenditure framework, maintaining a minimum 31% of recurrent discretionary expenditure for the education sector over 1998 - 2003 [...], extending the rolling MTBF and work plan to cover all development spending in line with the framework and sector work plan."

[Government of Uganda undertakings, ESIP, 1998]

A fundamental question is how can funding agencies best support improved finance planning within an SWA? One strategy (growing in frequency) is active support for and participation in annual Public Expenditure Review (PER) exercises. Effective examples of this approach include Ethiopia, Tanzania, Ghana, Uganda and Rwanda PER exercises in 1998/99. A second strategy is the active nurturing of finance ministry participation in ESDP/ESIP inter-ministerial planning and steering committees [Box 35]. Where accepted by Governments, a complementary approach is early capacity building (possibly via technical assistance) for education ministries. This may be complemented by short-term technical assistance (with an education brief) with the finance ministry itself.

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BOX 35

LINKAGES: MINISTRY OF EDUCATION - MINISTRY OF FINANCE

Planning processes increasingly recognise the importance of joint education finance ministry partnerships in SWA. One mechanism is to provide support for the annual PER exercise. Recent examples where this has been done include Tanzania/Uganda 1998, Rwanda, 1998 and Ghana/Ethiopia 1998. As a Minister of Education recognises:

"Although broad involvement has been a feature of the development of ESIP, in reality the success of the programme will very much depend on how well Government performs in the financing and budgeting arena. Thus, one of the most important partnerships is actually an inter-sectoral one: that between the Ministry of Finance, Planning and Economic Development and Ministry of Education and Sports."

Professor A Nsibambi, Minister of Education and Sports, Uganda
Address to Workshop of the Council for the Development of Social Science ADEA, Abidjan, March 1999

On a broader front, evidence and experience suggests that the strategic linkage between education sector planning and broader poverty alleviation strategies is, at best, tenuous. In most of the ESDP/ESIP documents, poverty/education linkages are implicit rather than explicit. There is an implied assumption that focusing on resource shifts (e.g. increased basic education spending shares) may be sufficient. There is growing evidence (e.g. Dollar and Pritchett, 1998) that social sector spending volumes do not correlate strongly with improved poverty reduction and sectoral outcomes.

How can funding agencies best assist in securing effective linkage between education SWA and broader poverty eradication plans? One strategy is to support the redesign of poverty assessments so that they focus on poverty-related constraints to equitable access and quality in education service delivery. A second thrust might be support for more analytical work on poverty-indexed resource allocations and impact monitoring.

Further analytical work is needed on a number of SWA/poverty issues. Firstly, can discrete poverty-focused programmes/projects for disadvantaged groups be reconciled within an education SWA? Secondly, if technical assistance is required is it best located within education ministries or elsewhere (e.g. planning commissions, poverty units)?

❒ ***Strengthening Financial Management/Tracking Systems*** A pure education SWA is fundamentally predicated on the assumption that funding agency support will be pooled and channelled through Government financial management systems. The reality and practice in current ESDP/ESIP plans is that many funding agencies do not consider Government financial management and reporting systems sufficiently robust. As a result, a number of hybrid systems have emerged. The danger is that if these parallel financial management systems are prolonged, the Government's own systems will be

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drained of capacity and the incentives to strengthen Government financial systems will wane.

A number of compromises are currently in operation. Under the Ethiopia ESDP, there is a three-channel system (through MoF, through MoE and direct) with various degrees of earmarking. Another compromise is to restrict budget support to basic education only (e.g. BESIP, Nepal) with other sub-sectors funded through project modalities. Also in Nepal funding agencies are financing a percentage of support through Government systems (the rest through projects) in order to test the robustness of the system. In Ghana, some funding agencies give project funds: EC gives structural adjustment support while DFID provides finances through budgeted systems. In the Mozambique ESSP, a number of funding agencies are providing budget support with varying degrees of earmarking. In Uganda one purpose of the first review of ESIP performance (April 1999) was to propose the drawing up of a single set of undertakings to which Government and all budget-supporting funding agencies will sign up to, while Government maintains commitment to on-going projects during transition.

Whilst appreciating funding agency concerns ove financial accountability and audit, continuation of a proliferation of financial management systems raises a number of concerns. Earmarking support for activities undermines Government ownership and decision making and essentially amounts to a set of co-ordinated projects rather than an SDP. In addition, earmarking continues the prevalence of funding agency attribution to activities and inputs, rather than shared Government/funding agency responsibility for achieving sectoral objectives and outcomes. It bears re-emphasis that various financial routes/channels reduce financial flexibility (undermining the basis of flexible budgetary support), increase the administrative overload and are inherently capacity draining.

This continued funding agency concern over financial management matters perhaps makes too much over the issue of fungibility. There appears to be little correlation between earmarking education support and actual increased spending on the sector. In addition, improved sectoral outcomes are often more strongly correlated with Government commitment to reform than with targeting/earmarking education aid. Also, improved education outcomes appear to depend more on the quality and effectiveness of spending than on overall quantity. All aid is fungible, whether given as projects or as sector wide budget support [Box 36].

BOX 36

FUNGIBILITY: ARE FUNDING AGENCIES LOOKING THE WRONG WAY?

"Funding agencies should take it for granted that their financing is fungible because that is reality."

"Fungibility is an issue only if the objectives of funding agencies and recipients are different."

"Funding agencies must form an opinion on the allocation and effectiveness of a country's public spending."

Source: Dollar and Pritchett, 1998

In the medium to long-term, there is strong case (e.g. as in Uganda, ESIP, Thailand/Indonesia, SSDP, Pakistan SAP) for showing trust in and commitment to using Government fiscal channels. A critical issue here is the inclusion of financial management and reporting capacity building as a central part of programme design. DANIDA support for financial accounting (under Nepal ESIP) is a good example. A second issue is the introduction of regular monitoring-review of overall and sectoral expenditure patterns against agreed broad guidelines. These guidelines, which frequently appear in SWA literature [Box 37], should be jointly negotiated within clear financing formulae and information exchange systems.

BOX 37

SWA TO EDUCATION : DEVELOPING FINANCIAL MANAGEMENT CAPACITY

- Early funding agency commitment to use Government financial management channels, alongside agreed time frames for phasing out alternative routes
- Agreements on broad and sectoral expenditure patterns linked to clear guidelines and financing formulae
- Minimising subsequent departures from agreed budgetary allocations, alongside effective contingency planning for revenue shortfalls
- Early implementation of capacity building plans for financial management and reporting
- Negotiated agreements on timeliness of financial reports and independent financial audit mechanisms
- Review and reform of funding agency financial management/audit systems, consistent with jointly agreed financial channelling/management reforms

Source: extracted from EU Horizon 2000, 1997, Gould, Takala, Nokkala, 1998

❒ ***SWA Implementation: Management Structures*** Many of the education SWA remain at the planning or pre-implementation stage. It is therefore premature to draw many firm lessons on appropriate and effective management arrangement structures for SWA implementation. Early signs suggest that agreeing common management structures will be a central issue [Boxes 38 39]. The emphasis to date has been on trying to harmonise funding agency procedures. Noonan (1997) highlights the divergence between

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funding agency statements and practice, especially regarding financial management and accounting. Another issue is that of attribution: the need, often for 'back home' political purposes, for funding agencies to be clearly associated with particular inputs/activities and outcomes. Although widely quoted as an issue, funding agencies seem to be polarised on this, some (GTZ, CIDA) using it as an argument to fuel broad concerns with the SWA, others not seeing it as a problem: "Which is better: we constructed five schools, or we developed the whole sector?" [Asko Luukkainen, Director for Sector Policy, Ministry of Foreign Affairs, Helsinki].

BOX 38

PROPOSED BESIP MANAGEMENT STRUCTURES, ZAMBIA

- ***Joint Steering Committee Meeting :*** Meetings quarterly. Chaired by the Minister of Education, other participants : funding agency representatives, team leaders and a management team. Subject to produce bi-annual reviews.
- ***Joint Programme Development and Implementation Monitoring Committee :*** Meetings monthly. Chaired by PS, other participants : funding agency representatives, team leaders and management team.
- ***Ministry Senior Management Group :*** Meetings bi-monthly. Chaired by PS.
- ***Interim BESIP Management Team :*** Chaired by DPS, other participants : head of finance and projects section, planning and research officer, technical assistance. Functions : finance and budget, advisory, decision making, project supervision and development, funding agency co-ordination, manage decentralisation, monitoring and evaluation, preparation of reports, liaise with planning/research.

Source: Gould, Takala and Nokkala, 1998

As with financial management, SWA should be predicated on the use of Government management systems. The above-mentioned concerns, combined with the existence of various funding agency-financed project/programme units during transition towards SWA, can create difficulties in resolving management issues. Various management strategies are being used. In the education SWA of Mozambique, Uganda, Ghana and Zambia, management is to be conducted through normal, education ministry management-organisational structures [Boxes 38, 39]. In other cases (e.g. Tanzania, Cambodia, Indonesia, Thailand), stand-alone 'super' PIUs/PMUs are being considered or are in place. These are normally extensions from the earlier planning/design phase and are often a funding agency response to the perceived weaknesses of ministries' management systems.

In the longer-term, the use of strengthened education ministry management systems is critical. Continuation of 'super' PMUs will be capacity draining and may undermine ownership by line directorates, which feel marginalised by them. The critical issue will be to negotiate common country-specific, SWA management solutions between Governments and funding agencies. These solutions will need to include a clear timeframe for incorporating existing project units into an agreed structure and a well-designed, management capacity building programme.

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BOX 39

JOINT STATEMENT ON COMMON PROCEDURES FOR THE MOZAMBIQUE ESSP

"To facilitate timely and efficient implementation of the programme, it will be implemented using Government procedures and management structures, where these are acceptable to funding agencies. In cases where the systems are not acceptable or where the effectiveness of the system is constrained by weak institutional capacity, funding agencies are willing to work with the Ministry to correct the problem. The attainment of common implementation procedures should be looked upon as a process and should not be forced. Should the use of Government procedures prove successful, all funding agencies would be encouraged to use them."

Source: Five-Year Education Sector Strategy Plan for Mozambique, 1998

❒ ***SWA: Changing Organisation/Management Cultures*** Accepting the principle of using Government management structures does not imply that the existing management processes and organisational culture will be necessarily effective in implementing education SWA. The purer, more evolutionary SWA (as opposed to the blueprint SIP approach) creates a more uncertain planning environment. The somewhat bureaucratic, top-down management processes (which exist in Governments and funding agencies alike) will become increasingly inappropriate for SWA. The more adaptive SDPs (e.g. Uganda, Ghana, Indonesia, and Pakistan) will demand more adaptive, participatory and organic processes and structures (see Box 40).

BOX 40

SWA TO EDUCATION: ALTERNATIVE MANAGEMENT CULTURES

	Mechanistic (blueprint)	*Adaptive (evolving)*
Environment/Tasks	Certain/routine	Uncertain/innovative
Planning	Comprehensive	Incremental
Decision making	Centralised	Decentralised
Leadership style	Command	Participatory
Communication	Vertical/formal	Interactive/informal
Staffing basis	Functions	Objectives
Structures	Power	Knowledge
Staff capacity	Low tolerance of uncertainty/change	High tolerance of uncertainty/change

Source: Middleton et al, 1987

An historical review of ESIP/ESDP planning histories suggests that systematic assessment of management cultures is a somewhat neglected area. There is an assumption that innovative reforms can somehow be bolted on to existing bureaucracies. Particularly in bureaucracies with a long tradition of command/control (e.g. Cambodia, Tanzania), this has proved extremely problematic, especially at pre-implementation stage where the implications for individual power and influence become more apparent. There is a strong case, especially in evolutionary SWA type programmes to undertake an extensive change management assessment and process

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(as a central part of capacity building) in advance of implementation. This is recognised by many funding agencies, including World Bank [Box 40].

- ***Performance Monitoring/Evaluation System Development*** A major difference between SWA and traditional project/programme aid approaches is that the former places far greater emphasis on the monitoring/audit of outcomes and objectives as opposed to accounting for inputs and activities. An effective education SWA is predicated upon an agreed set of performance indicators and an adequate EMIS and monitoring and evaluation system. Experience suggests that monitoring needs to be kept simple and restricted to key indicators. Simultaneously, the performance indicators need to be comprehensive, including measures of legislative/regulatory, capacity building, and service quality and efficiency gains. Monitoring systems need to be broad, including scope for independent audit, beneficiary assessment and cross checking.

  Ongoing ESDPs/ESIPs show these broad features. In the Ethiopia ESDP, there are around twelve indicators focusing on access, quality, efficiency and budget shares. The Tanzania ESDP is similar but incorporates some management development indicators. Various BESIPS (e.g. Nepal, Zambia) focus on similar system performance indicators. A broad review of other sectoral and sub-sectoral ESDPs (e.g. Cambodia, Bangladesh, Belize, and Vanuatu, Malawi), adopt a similar format whereby performance targets at the end of a five-year period are specified with measurable indicators and verification measures. The Uganda ESIP and to some extent, Ghana ESDP and Mozambique ESSP adopt a different approach whereby performance indicators are reviewed and agreed on an annual basis, as part of the annual joint review process.

  These two distinct approaches to performance monitoring reflect the broad distinction between the more mechanistic blueprint approach and the adaptive evolutionary mechanisms. A potential advantage of the adaptive approach (especially when release of both Government/funding agency development spending is dependent upon achieving performance targets) is that there is a far greater incentive for both effective monitoring data collection and system development. The blueprint approach (where aid tranching is less prevalent) provides far less incentive for monitoring system development and implementation. There is a danger in the latter that plans and targets become 'cast in stone' undermining incentives for strategic review and revision of targets according to changing circumstances. It can also be argued that monitoring and evaluation are too important to be left to planners [Box 41].

BOX 41

SWA PERFORMANCE MONITORING: SUSTAINABLE INSTITUTIONS

A clear tendency is to locate a small monitoring capability within the education Planning Unit doing little more than analysis and collation of routine data. How can the scope be broadened and monitoring institutionalised? The case of Papua New Guinea provides useful pointers.

In the early 1990's PNG embarked on a comprehensive sector reform programme. The need to institutionalise sector performance monitoring was recognised early. In 1992, the education ministry established a standing task force of very senior technical staff as an Implementation Monitoring Group (IMG). The IMG, with multi-funding agency support, is responsible for preparing quarterly and annual performance reports for the Minister, drawing on the existing EMIS and special surveys and studies. The IMG is still functioning effectively in 1999.

Source: ADB, 1999

A broad feature of ESDP/ESIP monitoring system development is the relatively little attention being paid to capacity building objectives and changing organisational/management processes, in particular, targets related to strengthening inter-ministerial co-ordination processes (education, finance and planning) are rarely specified. Similarly, targets related to improved regulatory frameworks and mechanisms (e.g. school inspection, school attendance, and dissemination of school effectiveness information) are rarely detailed. In broad terms, there is a need to design and implement a phased and sequenced ESDP/ESIP performance matrix, which sets out intermediate system performance targets and processes. During the design phase in Ghana and Uganda ESDP/ESIP Work Plans were developed in the form of policy matrices (later extended into Task Management tools which currently guides working groups in task identification, timing and action). On this basis, progress and performance can be monitored and evaluated against targets as a part of the process for budget release [Box 42].

In the preparation of action plans for monitoring/evaluation of education SWA, several monitoring issues need to be addressed. Very few of the ESDPs/ESIPs are far enough advanced to examine how far key monitoring issues are being addressed. One concern is whether or not difficult decisions (e.g. teaching service down-sizing) should be front-loaded in order to assess Government commitment. A second issue is whether or not benefit monitoring and evaluation (BME) capacity (including financial monitoring) should be a pre-condition to embarking on an education SWA. A third issue is whether or not BME operations (often seen as the schools inspectorate) should be re-positioned outside the education ministry, including broader stakeholder representation and audit functions.

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BOX 42

PERFORMANCE BASIS FOR ANNUAL BUDGET RELEASES

- Budget and release funds in line with the rolling medium-term expenditure framework, maintaining a minimum agreed percentage of recurrent discretionary expenditure for the education sector over the period 1998 – 2003.
- Extend the rolling medium-term expenditure framework and work plan to cover all development spending (GoU and funding agency) in education, prepare budget, make releases and demonstrate that expenditures have been made in line with the framework and sector Work Plan, without shifting expenditures to development activities outside the three year framework and Work Plan for education.
- Convene meetings at regular periods (e.g. every six months) with education funding agencies to review progress reports on the achievement of time bound indicators as set out in the sector programme work plan and the education policy and strategic framework.
- Convene meetings annually with relevant education funding agencies to share draft budget submissions and to agree performance indicators (conditions) for budget support, with interim monitoring missions as jointly agreed.

Source: Education Sector Support Submissions Ghana and Uganda, DFID, 1998

❒ ***Some Lessons Learned*** This chapter has argued that as sector wide approaches to education are beginning to shift from planning into implementation, a number of lessons are being learned. They include:

- The importance of national governments owning and leading the SWA process;
- The need to include decentralisation, community mobilisation and effective information exchange in the planning stages;
- The need to allow time (up to two or three years) to develop a strategic framework that is based on a long term strategic vision and that is most expedient for the sector;
- The need to build institutional reform and capacity building objectives, targets and processes into the design and planning stages of education SWA;
- Decentralisation, political and managerial, strengthens the operational ability of countries undertaking education SWA;
- Successful SWA implementation depends on there being a robust finance/budget planning system that includes an operational medium term budget framework and active participation in annual Public Expenditure Review exercises;
- The importance of using strengthened education ministry management systems by all stakeholders (implying the avoidance of parallel management structures, the need to develop management capacity building programmes and active adoption of adaptive, participatory, organic management processes and structures);
- An effective education SWA is predicated upon an agreed uncomplicated set of performance indicators and an adequate EMIS and monitoring and evaluation system.

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Lastly, there is a historical imperative for adopting sector wide approaches. They were used in support programmes in the 1940's and 1950's, usually following wars and other national disasters. They continue to be used internally by richer countries to manage the key human development sectors of health and education. We conclude, therefore, that it would be inconsistent to argue that a lesser approach is adequate for countries that wish to emerge from the shadow of a more pervasive disaster: overwhelming poverty.

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